CHAPTER I

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SIGNIFICANCE OF THE STUDY

"The consumer has become a totem pole around which a multitude of actions and ideologies are dancing". The term 'consumer' in Economics refers to a person who uses goods and services for satisfaction of his wants. Traditionally consumer was regarded as the King since not only the producers of goods but also those rendering services used to look upon the consumers, the demand for their goods and services.

During the period when laissez faire policy was advocated it was the consumer who influenced as to what goods were to be produced, where, when and how the goods and services were to be marketed. In short, goodwill of the consumer played a crucial role in the success of business.

It has been aptly observed: "Despite misgivings, mischances and disclaimers, the market economy is far superior to the controlled economy... It is not exaggeration to say that a market economy is the natural economic order of mankind. It is not an ideology or a system dreamt up by intellectuals. It has grown naturally and organically over centuries and has absorbed a million little truths about human behaviour which no single mind nor even a most modern computer can capture, let alone improve upon. The engine of growth is

man and people constitute a great if not the greatest resource. Economic results are not produced by economic forces. They are a human achievement".2

However as days passed on, with the increasing intervention of the state in economic activities and consequent emergence of controlled economy, consumer lost his pivotal position. The situation is bad for the consumer as he cannot go without basic things whose prices are regulated by a few producers operating in monopolistic competitive conditions.

The consumer is also taken for a ride by the advanced modern processing techniques coupled with persuasive powers of psychological advertising and is always subject to exploitation. Deceptive advertising, misleading product promotional techniques, offering gifts, reduction sales, artificial shortage of goods are some of the unfair trade practices to which the consumers are often subjected to.

There therefore crept in a need for an organized consumer movement sometimes referred to as consumerism aiming to remove the veil of ignorance from the consumers, to create a sense of awareness in them of their various rights and remedies, to caution them not to be carried away by the deceptive advertisements or eye catching packages and to guide them about the best buy of the products. The objective of consumer movement is to ensure the consumer’s right to product safety, accurate information, sufficient choice and a clean environment.

"Herrmann has argued that consumer movements since the late nineteenth century have emerged always in reaction to 'three persisting problem

areas: (1) ill-conceived application of new technology with a result in dangerous or unreliable products (2) changing conceptions of social responsibilities of business and (3) the operations of a dishonest fringe and the occasional lapses of others in business community' (Herrmann, 1982:32) organised consumer activism is thus often a reactive social force".3

The quintessence of consumerism is to protect consumer rights and interests and promote their welfare. It is more than a social movement. "Consumerism is the public demand for refinement in marketing practices to make them more informative, more responsive, more scientific, more truthful, efficient and also for a concern with the quality of life. Often the growing interest for the quality of life translates itself into demand for more public goods and services such as better highways, more education, better airports, better transports, crime free cities... Thus consumerism represents vital aspects of socially responsible marketing".4 It may be taken to include the sum total of all activities of the government business, voluntary consumer organizations and consumers themselves, designed to promote and protect consumer interests. The government on its part has passed a number of laws intending to safeguard the interests of the consumers and to provide Judicial remedies wherever the rights are infringed. The business on the other hand, has tremendous responsibilities towards consumer as part of social responsibilities by providing consumers products with quality and safety at competitive prices. There are a quite number of voluntary organizations doing product testing and advising the consumers as to the type of products they should buy. They also bring to the notice of consumers wrong practices and misleading advertisements of the sellers.

3 Yiannis Gabriel and Tim Lang, The Unmanageable Consumer, Contemporary Consumption And Fragmentation, SAGE Publications, New Delhi 1985, p 121.

In spite of the various efforts taken by the government and other independent organizations, the consumerism is not picking up the desired momentum. The obvious reason for this is the lack of awareness on the part of consumers themselves about the rights and available remedies. The success of the consumer movement depends upon the level of awareness on the part of consumers of their rights vis-à-vis their buying behaviour. It is in this respect the role of consumers in the context of consumerism assumes greater significance. This calls for a detailed study of consumers' awareness of their specific rights, their behaviour and the need for the protection of their interests. Considering the complexities of the behavioural pattern, level of education and other regional variations in the lifestyle of people in India, a modest attempt is made to study these aspects with reference to people in Chennai city.

THE INDIAN CONSUMER

Basically, the Indian consumers are conservatives in the sense they do not easily give up their habits and sentiments. They will never change in a hurry. “The socialistic code of restraint dictated much of independent India’s consumer psyche until the late seventies and early eighties. It was a time when the per capita income grew by an imperceptible one percent per annum. A whole generation was raised on a diet of austerity, where thrift was a great virtue and where anything except basic consumption was frowned upon”. Indian consumers won’t throw anything just for the sake of change. Their psychological profile may be illustrated as follows:

TABLE 1.1
PSYCHOGRAPHIC PROFILES OF INDIAN CONSUMERS, CIRCA 2001

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Woman</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>RELATIONSHIP</td>
<td>With Family - Relaxed, accommodative and democratic</td>
<td>With Family - Flexible, but still the breadwinner</td>
</tr>
<tr>
<td></td>
<td>With Peer Group - Friendly but competitive</td>
<td>With Peer Group - Open; but male bonding is on the wane</td>
</tr>
<tr>
<td></td>
<td>With Opposite Sex - Open but maintains a degree of rigidity</td>
<td>With Opposite Sex - More open but sticks to traditions.</td>
</tr>
<tr>
<td></td>
<td>Self-Esteem - Moving towards the individualistic</td>
<td>Self-Esteem - Very high; newer avenues within the family</td>
</tr>
<tr>
<td></td>
<td>Ambition - Sets high standards for children; high-to moderate ambitions for self and husband</td>
<td>Ambition - Very high for children; high for self; low for wife</td>
</tr>
<tr>
<td>ATTITUDE</td>
<td>Towards Spouse - Democratic; and seeking parity</td>
<td>Towards Spouse - Subjugation to partnership</td>
</tr>
<tr>
<td></td>
<td>Children - Nurturing; more of a friend</td>
<td>Children - More guiding than controlling</td>
</tr>
<tr>
<td></td>
<td>Fashion - High awareness but adopt selectively</td>
<td>Fashion - Medium awareness but slow adoption</td>
</tr>
<tr>
<td></td>
<td>Education - Paramount for children; more so for the daughter</td>
<td>Education - Paramount for children; more so for the daughter</td>
</tr>
<tr>
<td></td>
<td>Environment - Aware, but still indifferent</td>
<td>Environment - Aware, but not concerned.</td>
</tr>
<tr>
<td>ROLE MODELS</td>
<td>Telly Personalities - Her Mother</td>
<td>Professionally successful men.</td>
</tr>
</tbody>
</table>

At the macro level, Indian population is growing despite the efforts taken by the government to encourage family planning and birth controls. What is alarming is the growing illiteracy along with growing population. The following chart indicates the growth of population vis-à-vis growing illiteracy which has a bearing on the level of awareness of the consumer about their legal rights as consumer and also on their behavioural aspects.

**GRAPH 1.1**

**THE INDIAN CONSUMER: WHAT A LONG STRANGE A GROWING POPULATION.. ....GROWING ILLITERACY**

In democratic India, the two-child norm has never worked **India has ignored primary education at its peril**

All figures in million

*Source: Registrar General of India*
India has a huge number of the young: a third of its billion population is accounted for by the just-born to the early-teen. That means a huge kids-and-teens market. That’s great for business, but the fact that most drop-out after 5-9 years of schooling is a big cause for concern in the overall scheme of India’s well being — and for tomorrow’s market.

It has been pointed out that so far as the consumer durables are concerned it is the consuming middle class which constitutes the major share in the market for durables. However, the target consumer shall be the entire family whether urban or rural but not an individual. The following chart explains the position:

GRAPH 1.2
TRIP IT'S BEEN

All figures in Million

Source: National Council of Applied Economic Research

n= Urban 1992-93
n= Urban 2001-2002
n= Rural 1992-93
n = rural 2001-2002

... BUT RISING HOUSEHOLD INCOME

Consumption is increasing, powering the economy, but also raising disparities

Destitutes: Income < Rs.16,000 p.a.
Aspirants: Rs.16,000-22,000 p.a.
Climbers: Rs.22,000-45,000 p.a.
Consuming: Rs.45,000 - Rs.2,15,000 p.a.
Very Rich : > Rs.2,15,000 p.a.
Focus on the very rich, if you must, but remember that it is the consuming class and the mass of climbers that constitute more than two-thirds of the mass market for consumer durable, like refrigerators and colour televisions and consumables like soap, tea, and toothpaste. It is in these segments that companies can gain sustainable volume, both in the urban and the rural market.  

It is interesting to note that with the growing of population, the income of the people has also risen. The per-capita income which stood at Rs.2000/- in 1980-81 (at 1998-99 prices) rose to more than Rs.6000 in 1990-91. The last decade (of the 20th century) witnessed the most fundamental change for the Indian consumers. “If you listen to consumer speak it is clear that there is a huge unfulfilled demand from all of consumer India (comprising now and in the near future, more poor folks than rich), for goods and services that enhance the basic quality of living. What they want is liberation from hassles of day-to-day living - not fulfilling of higher-order needs, but meeting deficiencies in basic needs. Maslow’s hierarchy still prevails! The demand is for affordable food, housing clean air, health care, efficient public services and above all education for their children as a passport to a life with dignity”.  

People should start knowing their rights as consumers. They must assert their rights against defective products and deficiency in services. “Consumers and rights? Indian manufacturers would have laughed at you if you asked that question as late as a decade ago. Actually, many will hold their sides even today. But the laughter is fading. Aggressive consumers, proactive Consumer Courts and cut throat competition are ensuing a new age”.  

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In the first decade of real consumerism, the 1990s, "the Indian consumer was like a child running around amidst a playground full of noise, colour and choice wanting everything in the shop window. Today the consumer is like an awkward teenager, in the process of making the transition to a more restrained, more mature future, taking a long hard look at what lies outside the window".  

OBJECTIVES OF STUDY

The following are the specific objectives of the study

(A) Consumer Awareness

(i) To find out the degree of awareness of consumers (belonging to different groups in Chennai City) of their legal rights as consumers and legal remedies open to them.

(ii) To assess how far they are quality and cost conscious

(iii) To establish the significant relationship between their awareness of product and their educational background.

(iv) To explore their awareness of finances and Information Technology

(B) Consumer Behaviour

To study the role of consumers as purchasers and users of goods and services particularly durable home appliances and to explore

(i) Which media has greatest impact upon their buying behaviour

(ii) How far they are diligent and careful while purchasing goods
(iii) Consumer interface involved in durable home appliances
(iv) How far they exhibit knowledge of the product
(v) Whether all home appliances are used by a single family
(vi) Their preference of Indian goods against foreign goods
(vii) Their post purchase evaluation and satisfaction with the home appliances used by them
(viii) Their attitude towards business

(C) To find out and analyse their views on various aspects of consumerism

(D) To suggest ways and means of improving consumer awareness and protecting consumer rights and interests.

HYPOTHESIS

The researcher intends to test the following hypothesis in this study.

a. Among the urban Consumers there is enough awareness of the various consumer rights and legal remedies but in practice only a few of them take recourse to legal action.

b. Urban consumers are not only quality and cost conscious but are also concerned with environmental protection.

c. There exists a correlation between the consumers' awareness of product and their educational background.

d. Consumers do have access to the product information and sources of finance for purchase through advertisement, electronic print media etc. but only a small percentage of them prefer to purchase durable appliances on credit.
e. Consumers are vigilant and careful while buying durable home appliances but are not keen on entering into maintenance contract after the initial warranty period.

f. Most of the urban consumers prefer foreign brands to Indian brands.

g. Durability and safety are taken as important factors for buying consumer durables.

h. Consumers take advantage of off-season and festival season incentives but are not induced to go for second sales or discount sales or export rejected sales.

i. Consumers do not prefer to become members of consumer organisations though they are aware of their existence.

j. In most of the Urban households, even the expensive consumer durables like Colour TV, Washing Machines, Refrigerator, Mixie-Grinder and Pressure Cooker have become virtual necessary rather than luxury items.

SCOPE OF STUDY

The scope of study is restricted to Chennai city for the obvious reason that it would be convenient for the researcher being the native of the city to make the study intensively and successfully.
Chennai is regarded as the gateway of South India. A brief profile of Chennai is given below:

<table>
<thead>
<tr>
<th>Area</th>
<th>172.00 Sq Kms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>54,21,000 (as per 1991 Census) Neearing 1,00,00,000 (Projected)</td>
</tr>
<tr>
<td>Altitude</td>
<td>Sea Level</td>
</tr>
<tr>
<td>Climate</td>
<td>Tropical with two Monsoons (Jun-Aug &amp; Sep-Nov)</td>
</tr>
<tr>
<td>Warmest Months</td>
<td>March - October</td>
</tr>
<tr>
<td>Coolest Months</td>
<td>November - February</td>
</tr>
<tr>
<td>Language</td>
<td>Tamil, English, Malayalam &amp; Telugu are widely spoken</td>
</tr>
</tbody>
</table>

Source: GETIT Yellow Pages 2002

Chennai is the capital Tamil Nadu. It is the first city of the South and fourth largest city in India. Though comparatively young, Chennai has a chequered history dating back to 1639 when Francis Day and Andrew Cogen, agents of East India Company acquired a strip of land granted on lease by the Vijayanagar Emperor. Here was built Fort St. George for setting up a factory as a nucleus around which arose the British Settlements. Gradually but steadily the Old, tiny villages like Triplicane, Egmore, Purasawalkam and Chetput were clubbed with the new agglomeration of the fast growing Chennapatnam, as it was known then.

Chennai, widely known as Madras till 1996 has a rich tradition and civilization with a blend of the old and the new, vibrating ceaselessly to keep pace with the rest of India, as the buoyant metropolis of the third most industrialized State.
People in Chennai are deep rooted in their cultural moorings and traditions even though modernity has its own impact.\textsuperscript{10}

The study covers the consumers residing in Chennai city taken at random.

**SOURCES OF DATA**

This study is based on both primary and secondary data.

The primary data has been collected directly from the consumers through a well devised questionnaire circulated in English as well as in vernacular language (Tamil).

The Questionnaire contains six parts as described below:

- **Part A**: Consumer Profile
- **Part B**: Consumer Awareness
- **Part C**: Consumer Evaluation
- **Part D**: Consumer Outlook
- **Part E**: Consumer Vigilance
- **Part F**: Suggestions

It is heartening to note that 50\% of the respondents are so enthusiastic to spell out their minds in the questionnaire by way of suggestions and recommendations as to lure the Researcher to make a deeper analysis of the same in the study.

\textsuperscript{10} \textit{GETIT Yellow Pages} 2002.
The secondary data has been collected from the following:

c. Economic Times (Investor's Guide)
d. The Hindu - Business Line
e. 15th Annual Report for 2001-2002 of Consumer Education and Research Society, Ahmedabad
f. India-2002 - A reference manual published by Ministry of Information and Broadcasting
g. The Hindu Folio dated 31.10.1999

Besides the above, the data collected from Consumer Rights and Other magazines like 'Consumer Digest', 'Insight' etc of consumer organizations and also used appropriately in the study.

SAMPLE DESIGN

As pointed out earlier, Chennai is a vast city with huge population. Hence for the purpose of collecting primary data, the city is divided into five segments viz., East, West, South, North and Central as shown in the Map
With a view to ensuring adequate coverage and representation of the consumers of the vast city, care has been taken to circulate in person minimum 150 questionnaires in each of these five segments of the city covering all the

Source: GETIT Yellow Pages
income groups within each segment. Random sampling method has been followed. Out of about 800 questionnaires circulated 574 questionnaires have been received from the respondents as detailed below:

**TABLE 1.2**

DETAILS OF SAMPLES

<table>
<thead>
<tr>
<th>Income Group (Monthly household Income)</th>
<th>Number of questionnaires received from the Respondents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>East</td>
<td>West</td>
</tr>
<tr>
<td>Less than Rs. 7500</td>
<td>19</td>
<td>31</td>
</tr>
<tr>
<td>Rs. 7500 to Rs.15000</td>
<td>42</td>
<td>52</td>
</tr>
<tr>
<td>Rs.15000 to Rs.25000</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td>Above Rs.25000</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>Others (Daily rated wage earners etc.)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>107</td>
<td>136</td>
</tr>
</tbody>
</table>

The above sample of 574 respondents collected through a structured questionnaire covering all dimensions of this research study is meant for detailed investigation.

**TOOLS OF ANALYSIS**

The data collected directly from the consumers (Primary data) is processed systematically applying the scientific methods of classification, tabulation and test of analysis. Statistical techniques such as Frequency Distribution, proportion, correlation, ANOVA, Chi-square test are adopted to test the hypotheses and to arrive at various conclusions regarding the objectives. Chi square test is a test of significance. It answers the question "whether there is statistically significant associates between the variables". However, it is not
a measure of degree of relationship or the form of relationship between the attributes. Maps, Tables and graphs are employed at appropriate places.

LIMITATIONS OF THE STUDY

The Study is restricted to Chennai city only. The size of the sample is small compared to vast population in Chennai city. The accuracy may suffer because of the respondent consumers recording of what they think is right? as against what they do?

A brief bibliography consisting of Books, Journals, Reports and Articles is appended at the end of the report to indicate the nature of literature available in this branch of study. The questionnaire used for the collection of primary data is also appended.

SCHEMATIC ARRANGEMENT OF STUDY

The study is designed of four stages (i) Operational Design, (ii) Collection of data; (iii) Analysis of data and (iv) Report writing. The first stage consists of designing the operational aspect, constructing tools and pre-testing. The second stage is collection of data from primary and secondary sources. In the third stage, the important activity of data analysis is intensively made. The final and key stage is report writing.

The report of the entire study is presented in 7 chapters.

The first chapter deals with the significance of the study, objectives of study, the hypotheses tested and the methodology adopted.
In the second chapter, a comprehensive theoretical framework of consumer behaviour is presented exploring the behavioural dimensions of consumer action in the light of the economic, psychological, cultural and sociological theories and models of consumer behaviour.

The third chapter brings out the different phases of consumerism and traces the evolution of consumerism in India and in global perspective with reference to selected countries like USA, UK, Saudi Arabia and Japan. The need for consumerism, Consumers’ awareness of their rights and remedies, role of consumer organizations and government and the progress made in this regard are also discussed in this chapter.

The fourth chapter deals with consumer interface with durable home appliances. Referring extensively to the reported studies on certain durable home appliances like refrigerators, washing machines, Television Sets, Mixie-Grinder and Pressure Cokker, this chapter portrays the satisfaction of the consumers on product performance in terms of the brand of the products concerned and also offers guidance to the consumers in buying and maintaining the costly durable home appliances.

In the fifth chapter, detailed analysis of the Primary Data collected directly from the Respondents in Chennai City is made. It provides a comprehensive picture of level of awareness of the consumers, their outlook and behaviour aspects in general and more particularly with reference to selected durable home appliances. The hypothesis framed in para 1.3 above are also tested in this chapter.

The sixth chapter analyses the various suggestions and recommendations received from the Respondents. The Researcher is so overwhelmed by the
variety of suggestions and recommendations received from 50% of the respondents as to make it essential to deal with them in this chapter exclusively. The suggestions/recommendations are classified under seven heads viz., (a) Pricing; (b) Legal Aspects; (c) Role of Government; (d) Role of Voluntary Organizations; (e) Consumer Courts; (f) Attitude; and (g) Education and are analysed with reference to age groups, income groups, educational levels and occupational levels with Tabular and Graphical illustrations.

The seventh chapter presents the main findings of the study and the policy implications involved in it.
and national levels. Such trends will help financing of scheme like PMRY through rural bank branches.

Prof. S.L.N. Simha\textsuperscript{21} showed that poverty and unemployment on a large scale is the reflection of failure of management in the fields of political, economic, fiscal, corporate and human resource management.

Shivaji Sarkar\textsuperscript{22} in an article, says that SSI have to come out of the traditional mode to ushering a revolution that Bill Gates had envisaged - reaching out to the remotest corner to unite the world, not through the web, but by the independent economic status of the educated unemployed youth.

In his article, 'Anatomy of India's Poverty' Wahab\textsuperscript{23} expresses the view that the eradication of poverty and unemployment must be the abiding goals of our development policies and programs. The achievement of this will require sustained and rapid economic growth.

In her editorial, Susheela Subramanya\textsuperscript{24} narrates as to how the poverty and unemployment removal could be the key for the development of Indian economy in a broad sense.


\textsuperscript{24} Susheela Subrahmanya, \textit{Poverty removal is the key for development}, \textit{Southern Economist}, November 15, 2000, p.1.