CHAPTER VII

CONSUMER VS. OR
VIS-À-VIS
BUSINESS GOALS
INTRODUCTION

Consumption is the pivot around which all the economic activities move. Why do we produce? Its simple and accurate answer is, because we consume. According to L.F. Urwick every one in the society is a consumer, even the producer is also a consumer. He is producer of a particular brand, but he consumes more than what he produces in variety, not in monetary term. Urwick propounded in his 'Z' Theory that the misunderstanding in the mind of producer is that 'I am not a consumer'. This gap between the producer and the consumer is called as the gap of communication. According to an eminent Management expert Peter F. Drucker, there is only one valid definition of business purpose i.e. 'to create a customer'. Thus the businessmen must create, maintain and satisfy the customer, indeed he is a consumer. The businessman should work hard and not always look for profit. It distracts one’s mind from duty. According to the Geeta, Lord Krishna has said 'work sincere and hard work is thy duty and reward is not thy concern'. We must accept the ideal status of consumer. According to the Father of Nation, Mahatma Gandhi, 'A Customer is the most important visitor on our premises. He is not dependent on us, we are dependent on him, he is not an outsider on our business, he is part of it. We are not doing him a favour by serving him. He is doing a favour by giving us an opportunity to do so'. Adam Smith stated long ago, 'Consumption is the sole end and purpose of all production'. Today also, as has been explained above, the task of marketing system is to adjust the production of goods and services to the needs of consumers.

CONSUMER IN MARKETING ENVIRONMENT

Failure of business to adopt marketing strategies from consumer viewpoint and develop consumer oriented marketing concept is really responsible for the growth of consumerism and consequent legislation to provide consumer protection. Philosophy of marketing is based on consumer. The consumer is no doubt,
suggested to be the core of marketing functions. However, the idea of consumer supremacy and consumer sovereignty is definitely fallacious in a free market economy. In reality, consumer may be 'king' of corporate activities, but his 'kingdom' remains on paper only. Consumer satisfaction is our goal, should not be a mere slogan of businessmen, but it must be in practice. The businessmen must welcome the complaints of the consumers and also take steps to redress them. They must adopt marketing concept in place of selling concept. The manufacturers must be careful about the quality products and consider the spirit of various acts applicable to them.

The trade and industry cannot ignore consumer movement and must exercise greater care and caution while dealing with the consumers. All this will definitely lead to qualitative improvement of the plight of the Indian consumers, be they in the big cities or in the remotest villages.

The responsibility of business organisations towards society and environment is gradually receiving more attention from the entrepreneurs and managers in charge of running their organisations. While there are several factors bringing forth this change, such as spread of education, role of media, expansion of middle class, the single most important factor has been the easier resource to legal remedial action by the setting up of consumer courts.

In the advanced societies of the U.S., Japan and Western Europe, the initial fillip towards a greater sense of responsibility to safeguard the societal interest came from the promulgation of strict consumer laws. With time, these laws have become stiffer and larger in scope. Also, the compensation for loss or injury has shot up because of reassessment of value of human life and its environment by their courts of law. While it is true that the consumer courts do give from time to time rulings in favour of various consumers and award substantial damages, these are not going
to put out of business, those who are determined to defraud. What is very important is that a responsibility consciousness must be fostered among all those who are in the business.

Adequate response and co-operation from the trade and industry is also essential for the flourishing of consumerism. The economy of any nation rests mainly on the consumer's ability to respond to the fluctuations in the market. The consumer expertise economic vote every time he buys. This vote in our competitive economic system, means life and death for the producer. The consumer often becomes a victim to the market techniques of the producers who try to strengthen their position through modern market devices. Reid rightly remarked 'Consumers must protect themselves against sellers whose interests are not identical with theirs. Desire for profits in many cases leads unnecessarily to high prices to poor quality and to some misrepresentation and fraud'. The consumers are almost unorganised ignorant and negligent of their rights and incapable to receive experts advice both legal and technical unlike manufacturers. The strong and effective consumer movement will protect the consumer from the enormity of their problems. The consumer movement should primarily concern with essential rights,* which are recognised as the 'Nucleus of Consumerism'.

* The four rights were advocated by President Kennedy in his address on March 15, 1962 (a. the right to safety to be protected against the marketing of goods which are hazardous to health or life, b. the right to be informed, c. the right to choose and d. the right to be heard.) constitute a basis upon which many legislative, administrative, and business actions are directed at consumerism. The assistance and cooperation of voluntary organisations, prominent citizens, youth and woman is likely to go a long way in the attainment of the objective of developing a broad based and effective consumer movement. The consumer education is crucial for the success of the mission and for this purpose the support of mass medical media particularly radio, television etc., will be more purposive.
THE ROLE OF BUSINESS

It is no secret that the business community has shown no interest nor has made any serious and concerted efforts in rooting out unfair business practices, whereas it is their duty in national interest or even in their own enlightened interest, to battle them out even against overwhelming odds. Much of the blame lies on those who have a fair name and who believe in fairness and do not practice fairness as their business policy. A serious effort is needed to win back the misguided elements in the patch of reasonableness.2

The question before them is whether they have to reconcile with the present dismal circumstances or do something to assert their existence as an important part of the society. It is because of their 'I do not care' attitude that their score in building up the country's economy so far, has dangerously come down. As an organised sector, with so much of resources, talents, and managerial skill, the business communication has ceased to enthuse and inspire. All their plus points are negated only because they are not able to regulate themselves to minimum fairness towards those for whom the business exists, functions, endeavours and operates. This is a dangerous situation particularly when their functioning has increasingly to depend on the Government regulations. This manner in which business concerns handle consumer grievances and for that matter, other crucial issues, the lack of well-conceived future strategies and the absence of clear direction in respect of their policies, these are some of the highlights of their loose grip over their own problems. The business community do not know where it stands in the present order of things, nor do they seem to care about what lies ahead of them in the context, for example, Government's seeming generosity

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in giving recognition and authority to individual consumer or consumer organisations. Will it not lead to mushrooming of such organisations and consequent harassment of the business community day in and day out? And this is not all, there are other laws too to which the business concerns have already submitted themselves and are following them with weakness and without much of grumbling.

Does it not reflect business community's overall weak image? Does it not indicate that their image has badly hit the dumps? And when they hit the dumps, there is only one consolation in that, they cannot go any further down. Either rise from the shambles or grovel in the dust. Clearly, this is the writing on the wall and perhaps the main challenge the business community faces today. One has to face the facts. The respect for business community is low, because a large number among them are not doing anything worth of anybody's trust. Vested interests are everywhere and all around us. They are not being taken into confidence because they have lost not only public confidence but also self confidence due to their own earnings on a massive scale and practically, at every level of businessmanship. This is the naked truth which cannot be denied and has to be faced by us squarely. It is distressing to see that they have come to this stage inspite of innumerable trade organisations, who have been called themselves as champions and guardians of business. Unfortunately, they have been confining their activities to safeguarding the business interests that they represent, regardless of the fact that in doing so, they are jeopardising the general prestige of business as a whole owing to their narrow outlook and limited vision. If they had cared to derive strength from the public, i.e. the consumers and moulded their clientele to
safeguarding the interests (of the consumers) they serve, things would have been different today. There should have been no need of having the plethora of restrictive legislations, as we have in the statute book today.

CONSUMER MARKETING - THE DISORIENTATION OF THE CUSTOMER

As India enters the eighties, the men and women who manage the country whether in government, industry, agriculture and service sectors have once again been presented with the extraordinary opportunity to organise the economy of this country so that the potential of India - which probably has the world's third largest national pool of managerial and technical talent - can be translated into economic performance.

It is time that the attitude and policies of the Union Government exert such a profound influence on the productive process within the economy and consequently upon fortunes of the forgotten individual at the end of the marketing chain - the consumer.

There is no doubt that consumer is in a state of disorientation, and one can attribute this phenomenon to the fact that he is the victim of benign and in some cases calculated neglect of government, industry and the trade. The seeds of this policy of benign or calculated neglect of the consumer were first implanted in the national psyche when the Mahalnobis or heavy industry model of development in which, the attention of the planner and government was focused on the producer rather than on the consumer was adopted. The adoption of the Mahalnobis model
instead of the alternative wage goods model created an economy characterised by endemic shortages of consumer goods.\(^3\)

Therefore, in an economy of shortages, the producer and the distributor who were given relatively free access to national resources rather than the numerically larger number of consumers were transformed into economically powerful and influential forces within the country. In short, India became a sellers’ market for consumer goods since the mid-fifties. Thus far from the consumer being King as in the developed western countries, in India, the producer, and the wholesalers have become the kingpins because of the weakness of the distribution infrastructure and scarcity of capital. Since then the historical function of distributor has been the allocation or selling rather than marketing of scarce consumer goods. Indeed because of historical factors i.e. adoption of the heavy industry model for development, it would be true to say that all the factors or links that constitute the marketing chain, seems to be heavily loaded against the consumer.

The natural sequel to the adoption of the heavy industry model of development was the licensing policy of the Union Government which has been in force since the early fifties. The basic premise of the government’s licensing policy is that the allocation of the resources that determine the national product mix is not dictated by consumer preference considerations but by the preferences of the Union Government.

This is not to say that the licensing policy is an aberration as it is often argued by some responsible citizens who should know better. The basic premise of the licensing policy can be said to be correct and sound namely, that in a poor
country the exigencies of rapid economic development necessitate the allocation of the factors of production of resources into the priority sectors of the economy as defined by a representative government. However, this basic policy is so replete with exceptions and vests so much arbitrary power in the executive arm of the government that not withstanding ersatz aura of competition within the economy shortages of consumer goods continue to persist.

This regulation of output which is a consequence of the Union Government's licensing policy has a direct bearing on another aspect which is of vital significance to the consumer prices. Since the economies of scale and mass production are not available for most manufacturing organisations, the overall estimated demand for a particular category of consumer goods is required to be met by several competing manufacturing units, the unit prices of end products particularly consumer products, are usually higher than anywhere else in the world. Thus the prices of man-made fibres, tyres, razor blades, consumer durables and other sophisticated consumer goods are substantially higher in this country than abroad. In most cases the prices of consumer goods in India are higher than elsewhere not only in terms relative to the lower purchasing power of the indigenous consumer, but also in many cases in absolute terms even when one does not take the ubiquitous excise and sales tax levies into consideration.

Added to these factors of limited consumer choice and high prices for such consumer goods as are available, the consumer has to bear extra because of the tardy development of the transport and warehousing infrastructure which hampers the movement and distribution of such consumer goods as are produced.
Similarly, the road transportation network has not developed sufficiently to keep pace with the growth of the road transportation industry. This tardy growth of the road network has affected vehicle utilisation ratios, increased vehicle wear and tear and pushed up the cost of road transportation which is inevitably passed on the consumer.

These imperfections of the distribution infrastructure, extract a price from the consumer at the end of the marketing chain. On the other hand, the utilisation of the elements of advertising and sales promotion within the marketing mix of the most consumer products do not subserve the cause of the consumer to the extent that they should.

Similarly, even though, sales promotion techniques in terms of dealer incentives, periodic price incentives, giveaway gifts and window displays are fairly well-developed, dealer margins i.e. wholesale and retail margins in India are probably the lowest in the world. And while it can be argued that low trade margins benefit the consumer in short run, in any economy characterised by periodic shortages, low dealer margins constitute an inducement to profiteering, because increasing establishment costs and inflation are all too often sought to be offset by the occasional ‘grand killing’ which is made whenever a shortage manifests itself.

In the circumstances, it is hardly surprising that the profiteering in essential commodities, drugs and virtually every other consumer product is a way of life in this country much to the dismay of the consumer.

However, if advertising and sales promotion are well-developed disciplines which forms a part of the marketing mix, public relations (PR) is another essential ingredient of the marketing mix which is conspicuously neglected in India.
Essentially, the purpose of the discipline of the PR is to create a satisfied customer, whose outlook is radically different from the disoriented consumer that we are talking about. Further nowhere in the world, the consumer is treated with greater contempt than in India. This expression of the contempt for the consumer which assumes the form of ignoring complaints at the manufacturers level and downright rude and insulting behaviour at the retail level, plays a significant role in the disorientation of the consumer though, perhaps, it is to be partly explained by the water thin trade margins referred to earlier, which cause intense dealer irritation combined with the fact that India is a sellers market with an uneven distribution pattern of retail outlets.

Thus, the disorientation of the Indian consumer is attributable to the fact that each is linked in the marketing chain— from the choice of the national product mix, pricing, distribution to advertising, sales promotion and public relations, is heavily weighed against the interests of the consumer.

In these circumstances it is hardly surprising that the consumer is disoriented as the perceptive young organisers of this convention have discerned. But though one has made a catalogue of ills that plague the consumer, is there no silver lining on the dark cloud of gloom that envelopes the indigenous consumer? Are there no solutions that could conceivably ameliorate the conditions of the consumer?

The following are the suggestions to ameliorate the conditions of consumer.
The first of these fundamental suggestions is that the public sector which is dominated in the Indian industry, need to spell out the importance that is to be given to the consumer in terms of social priorities and the official scale of values. The current official attitude seem to be the first priority of public sector enterprise or of government is not the welfare of the consumer but of the labour constituency within the enterprise. Certainly this sentiment is very evident in the ranks of the working class in most sectors of economy in which Labour spokesmen argue that only happy workers (perhaps this happiness must be translated into higher wages, housing, medical benefits, bonus and other perquisites) can produce consumer and other goods.

The second suggestion to ameliorate the conditions of the consumer is the introduction and adoption self regulation in consumer orientation of marketing. Self-regulatory mechanism of industry should be involved by the adoption of a fair trade practices code and the award of citations to manufacturers, distributors and retailers who are adhere to fair trade practices.

The third suggestion that industry and government should encourage the growth of the consumer movement by encouraging consumer groups, consumer associations etc., which have taken up the cause of consumer protection.

Lastly, since the country has already paid the price of the Mahalanobis model - which any nation that sets itself on the difficult road to industrialisation must pay - we should turn our attention to the production of cheap mass consumption goods which are envisaged by the wage goods model of development. These are cheap building materials, clothing footwear, food grains and drugs and pharmaceuticals.
The Government during 1977-79 made an abortive foray in this direction but confused the issue, by insisting that, wage goods should be produced exclusively in the small scale sector. Not surprisingly the flow of wage goods into the market place had almost dried up and unit prices had shot skyward. No doubt, the reservation of some of these goods of mass consumption was motivated by the desire to increase employment, since the canalisation of investment into the small sector indisputably creates more job opportunities. But because the economies of scale, a pool of management talent and marketing expertise facilities are conspicuously absent in the small scale sector, the cause of the consumer is not subserved and rather resulted in the growth of a high cost and often enough shoddy goods economy.

One of the popular arguments advanced in this country is that, the economic progress is dependent upon the calibre of the political leadership available to the nation. There is sufficient evidence to show that this argument is only partly true and largely erroneous. Instead it can be said that the economic progress of a developing country and the future of the millions of deprived harassed consumers in this country in particular, will to a significant extent be determined by the small and politically powerless nucleus of the country’s managers who in the face of almost insurmountable odds have established the industrial base of this country. But though the managers of India are one of the very few segments of the population who have succeeded in discharging their obligations to society and for that reason deserve credit, they themselves will be first to admit that they can do better. One can be confident that not only can they do better but they are poised to better their past performance.
CONSUMERISM AND MARKETING ENVIRONMENT

Modern marketing concept starts with the consumer. Consumer is the very basis of an organisation. As production is for consumption, production should be consumer oriented. As Philip Kotler rightly remarks that 'Marketing is the analysing, organising, planning and controlling of the firms consumer-impinging resources, policies and activities; with a view to satisfy the needs and wants of chosen customer groups at a profit'. Peter F. Drucker also stresses that the main purpose of business is to 'Create a Customer'. About hundred years ago Adam Smith wrote that 'the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer' (The Wealth of Nations).

Consumers are the largest economic group in any country. But in most of the countries including India, they are voiceless. In India, particularly the consumers have for years been victims of poor quality goods and unfair prices, short weight, deceptive advertising. 'Consumer is the Sovereign', 'Consumer is the King', 'Consumer can do no wrong', 'Consumer is always right', all of such catchy phrases may speak high of consumers in the market of the past. Businessmen's catchy slogans like 'Consumer is our bread and butter' would not materially help the consumers.

It would be most relevant to relate consumerism to the popularly accepted marketing concept, which suggests that the purpose of a business is to provide customer satisfaction. Thus, it is anticipated that the firm will maximise long term profitability through customer orientation. However, the marketing concept and the
forces labelled consumerism are incompatible. Existence of consumerism implies that the marketing concept has not been worked out.\textsuperscript{5}

**CONSUMERISM AND COMMUNICATION ASPECT OF MARKETING**

Marketing is the principal channel of communication between customers and the firm, in which the information should flow in both the directions. Marketing professionals are more directly concerned with the consumers' right to be INFORMED and right to be HEARD. In fact, if all the consumers were informed and were heard, this would then represent a step towards fulfillment of marketing concept. The basic premise is that the consumerism is primarily the result of lack of information on the part of consumers, which hinders their ability to buy certain products. This reflects itself in the form of gap between product expectations and product performance due to improper or non-existent communication. This seems to be incongruous since, communication efforts primarily advertising, exist in great abundance. However, communication between the firm and the consumer emphasize imagery at the expense of information. Consumerism is attempting to tell industry something about consumer expectations of which their research has not found or that management has rejected or ignored.

Increased product information for the consumers has been widely prescribed as remedy for consumerism. This prescription is too general to be of much use and specific aspects if it need examination by marketing educators and corporate marketing managers. There is for example, the issue of just what rights, consumers have to product information. Just how much is the manufacturer or retailer obliged to tell. Where do a firm's responsibility end:
With the provision of full technical information on the product in the form which will facilitate comparisons with other brands.

With full evaluation of its suitability and safety for various likely used.

With comprehensive comparisons of its composition and performance to recognised governmental or Industrial standards.

With comparison of its performance and composition to other similar products.

While these questions will be decided partly by legal requirements and partly by pragmatic considerations, their ethical implications deserve attention on social responsibility or marketing.

Another problem involving product information is the determination of what information is really useful and meaningful to consumers. Consumers could easily be inundated with technical details. The firm which wants to provide better product information to consumers, must first discover which product attributes, consumers consider salient. Are these really appropriate measures of quality and effectiveness or should consumers be educated about other important attributes?

How do consumers interpret product information which is presently available?

Is it comprehensible and meaningful to the poor and less educated?

How are consumers likely to interpret the new product information which the firm plans to provide?

Marketing also has a role to play in helping the consumers’ voice to be heard within the firm.
Upto now, consumer research within marketing has focused in large part on finding unsatisfied consumer needs, their implications for product development and the decision process surrounding its price, promotion and distribution. Preoccupation with these specific problems may have caused other important problem areas, such as

-----What problems have customers experienced in using a product?
-----How do they think these problems be remedied?
-----Are consumers' expectations about product performance unrealistic? If so, how did they get that way and what can be done about changing them?

Market research can aid in providing answer to many of these questions. Programme of research on consumers may well begin with systematic analysis of consumer letters, reactions of consumer agencies. Since marketing is the channel of communication between consumers and the firm marketing, educators and corporate marketing managers must determine, what kinds of information would be moving in this channel and also the forms in which this information will be most useful and meaningful. It is one of the important root to improve the consumer-firm relationship.

CONSUMERISM - A THREAT OR AN OPPORTUNITY

The time has come for marketers to replace the outmoded and unequal principle of Caveat Emptor - Let the buyers beware, with the more equitable role to Doceature Emptor - Let the buyer informed. Many marketers view this consumerism movement creating problems for them. But the perceptive marketer should view this as presently expanded business opportunities for his firm as well as opportunity to enhance our social and physical environment.
Peter F. Drucker stated that consumerism is 'the shame of the total marketing concept' implying that the concept is not widely implemented. Consumerism is a clarion call for a revised marketing concept. The problem of marketer is to somehow reconcile company profit, consumer desires, and consumer long-run interests. The original marketing concept has to be broadened to the social marketing concept. The social marketing concept calls for a consumer orientation backed by integrated marketing aimed at generating customer satisfaction and long-run consumer welfare as the key to attaining to long-run profitable volume.

Good marketing is nothing but customer oriented selling. If marketing function is on these lines, it is in consonance with consumerism movement because it is designed to serve consumer satisfaction.

THE KING-PIN OF BUSINESS

How does one remain competitive in a given market? Perhaps, the most critical component of being competitive is to have the customer as the focus—as the beginning and as the end of the business. To quote the Management Pandit Peter Drucker 'The purpose of business is to create a customer.. The customer is the foundation of a business and keeps it in existence. He alone gives employment. To supply the wants and needs of a consumer, society entrusts wealth producing resources to the business enterprise'. It is imperative to identify the needs of the customer and take steps to cater to them.

The customer is the king and unless organisations realise that meeting the customer's requirement is paramount to the survival and the growth of the business, it would be almost impossible to be able to sustain one's operation.
THE FOUR Ps. OF MARKETING THEORY

Remaining competitive does not necessarily mean pricing our products cheaper. What is to be ensured is that products have value for money, that they ensure an attractive income for the distributing trade and that the products ensure satisfactory returns for customers. Being competitive is the art of introducing a product needed by the customer, pricing it right, providing incentives to the customer and to the distribution chain, making it available at the right place and at the right time. In other words, the time tested Ps. of conventional marketing theory product, price, place and promotion go to ensure that a product is successful in the market place. ¹

CUSTOMER MUST GET AS MUCH OR MORE, AS WE GET

Establishing a competitive edge through effective distribution has yielded tremendous results for various industries. Making the product available readily at a place close to the customer and using the influence of the distribution channel over the consumer have led to very satisfying results for various companies. Needles to add, product features and product qualities play a very important part in establishing the sale of a product. The less gap there is between the perceived wants and needs of the customer vis-a-vis the benefits occurring from the product, the better will be its acceptance hence its higher sales. After all, business is a two-way process in which a producer gives to the customer as much as (or more than) he gets. Customer satisfaction in today’s context, is of prime importance.
Every human being is a satisfaction maximiser. Satisfaction is the effect of the consumption of the goods and services. However, the human satisfaction cannot be looked upon as a terminal issue, but it must be placed on a continuum, due to the psychological implications. In other words, every individual at every moment of time is dissatisfied to some degree or the other. However, the pinnacle of satisfaction of a consumer can be seen when he gets a product or service which satisfies his needs within no time cost and without any exertion. That is, one should be in a position to get a thing in required quantity, quality and in time, without any unreasonable cost or effort. But this is impossible as the life in the industrial societies is based upon the exchange mechanism. On the other extreme, the highest dissatisfying condition is one where an individual cannot get even a fraction of the product or service of his choice, inspite of his preparedness to pay any amount and put forth every effort. It is because that the so-called satisfaction of an individual what we designate is nothing but, the avoidance of dissatisfaction, which is the 'no dissatisfaction' or 'no satisfaction'.

\[
\text{No dissatisfaction} \\
or\\n\text{No satisfaction}
\]

\[\text{Dissatisfaction} \quad \mid \quad \text{Satisfaction}\]

\[\text{Continuum}\]

It is thus, that no enterprise on the globe at any moment of time, can provide the full satisfaction even to one consumer. The purpose of a consumer on the other hand is to derive satisfaction by acquisition, possession and use of goods and services. However, the job of a business is profit making. The purpose of the
business and consumer, thus operate in a diametrically opposite direction due to
the difference in their interests. In other words, the business always wishes and
tries to maximise the profits either by serving the consumer well or ill. On the other
hand, the consumer wishes and tries to maximise the satisfaction by enjoying more
products at low cost. The profit maximisation of business and satisfaction maxi-
misation of consumer, thus, are mutually exclusive; if one exists the other does not.
This is because both 'maximisations' are to be placed on separate continuums.

Any amount of adjustment made by the business itself to satisfy the
consumer cannot do so fully, as they continue to demand more of such
adjustments further. Likewise, any extent or preparedness to pay more by the
consumer for a product cannot satisfy the cravings of a business for profits as
it needs more preparedness.

The actions and reactions of consumers for the maximisation of satisfaction
through consumer resistance and the response and counter-actions of their producer
for profit maximisation through consumer exploitation are, the direct consequences
of the divorce of production and consumption or the historic breach between
producer and consumer giving rise to Prosumer economic according to Toffler.

Every consumer is expected to be rational and sovereign in purchasing
and enjoying the products and services. As a matter of fact, the consumer behaviour
is not oriented towards the sovereignty and rationality due to the operation of
'satisfaction maximisation' force, which is to be placed on a continuum. On the other
hand, the producer whose motto is profit maximisation, which also is to be placed
on a continuum, is expected to follow the dictum of Caveat Venditor (let the seller
beware) instead of Caveat Emptor (let the buyer beware) to exhibit his social conscience or discharge the social responsibility towards the consumer.

Further more, the separation of producer and consumer has given an opportunity to the latter to pass the buck on the former for all his dissatisfaction. This is whatever is done by the producer for improving quality, quantity and lowering the price, the consumer cannot find full satisfaction as the consumer expects much more from the producer every time. Simultaneously, the producer is also provided with a facility in 'creating a consumer' by adopting various ways and means to exploit the consumer with all its attendant banes.

One more interesting issue is 'Ethics for Others Only'. Every consumer except old people, children lunatics etc., is also a participant in the production process; hence a 'producer' too. That is every individual plays the dual role, both as consumer and as producer. In other words, one may be a consumer of many goods and services but producer of one or a few goods and services. But every one is idiosyncratic to the extent that he/she expects a high quality in the hundreds and thousands of goods and services used through out the day without giving a room for the feeling to maintain good quality in atleast one product produced or the service rendered by him/her. This complicates the relationship between the consumer-producers and producers- consumers.9

WHAT'S THE WAY OUT

Then, what is the way out for this crucial problem which arises due to the need for maximisation of satisfaction of both the parties i.e. producer and the consumer and the adoption of the standard of 'Ethics for Others Only'. One cannot
ensure that the maximisation of satisfaction of consumer and vice versa as one is achieved when the other cannot be accomplished.

A probable solution for this complex problem is by integrating the mutual interests of producer and consumer, by creating the mutual understanding of their strength and weakness and convenience and inconveniences, with the help of 'Producer- consumer-conscience' developed through the consumer education. No amount of effort by legislative and administrative machinery, besides the counter-vailing actions of voluntary associations can achieve the desired result of maximising the producer-profit and consumer satisfaction. As long as the misunderstanding prevails in the minds of two parties, any other exercise results only in futility, whatever may be the jargon in which it is wrapped.

DIFFICULTIES OF THE TRADERS IN MEETING THEIR SOCIAL OBLIGATIONS TO CONSUMERS

It is evident that many laws and procedures of the Central Governments generate problems and difficulties not only before the trading community but also before ultimate consumers.

Experts can identify many more such problematic areas which can jointly be taken up by the traders and the consumers with the State or Central Governments. For this purpose, the associations or Chambers of Commerce may form consultative committees or Advisory Committees of the traders and consumers in their respective organisations for maintaining constant contact with each other and for taking further actions jointly through the concerned authorities.
The financial impact of various taxation laws result in price escalation. Multiplicity of taxes, cumbersome procedures not only waste the time, energy and money of the traders but ultimately they effect the smooth supply of commodities and result in the price-rise. The adverse impact of sales tax, additional sales tax, Works Contract Act etc., are notoriously known.

Although the trading community is in favour of consumer protection and welfare, multiplicity of provisions under these Acts viz.; Packaged Commodities Act, Consumer Protection Act, Prevention of Food Adulteration Act and the rules therein are concerned, they do tell upon the time, energy and economics of the business. For instance the rules of putting a price board enlisting the prices, stock etc., of various commodities on a particular day, in a particular shop consumes lot of time of the shopkeeper. Now, many commodities and items are available in packages, which already carry this information about the prices, manufacturing date, expiry date etc.

Similarly, because of the unsuitable provisions in the Food Adulteration Act, the traders are punished for selling or dealing in any sub-standard commodities. The traders are not producing sub-standard quality items nor are they interested in adulterating or mixing other products or eatables. Consumers should know as to how the traders are harassed by the enforcing authorities of the state government, police department and municipalities. The climate and weather conditions are also responsible for the changes or deformity in the nature of the products. For instances, flour, sugar, and gur, pickles, spices attract moisture in the climate and germination does takes place.
The consumer should realise the fact as to how implementing authorities are defeating the very purpose of these Acts by taking abnormal time in analysing the sample drawn and submitting their report. Sometimes, the Report about the spurious items takes such a long time that the stock is already exhausted by the time any action can be taken. The threat of drawing sample is given by the inspector only to extract money from the traders. Similarly, consumers should also know that the traders are not responsible for the quality of the products or items manufactured in factories. They are just the distributors. However, surprisingly when such manufactured products do not fulfill the norms of standards specified for that products, the distributors or traders are held responsible and not the companies that manufactured that product. Trader is held guilty and punished for no fault of his.

The cost and the reasons of disruption in the supply-line are beyond the control of the trader. For example, lack of railway wagons, delays in transportation, delays in clearance of goods at the ports or goods-yards, delays in supplying the items by the FCI etc., disturb the smooth supply of some of the commodities and the consumers always blame the traders for irregular supplies, shortages or the resultant price rise. The consumers should also understand how some government policies lead to shortages and inflation, how the policies of various state governments put restrictions on inter state trading activities. Lack of competition, interference of the government or the co-operative agencies lead to shortages and increase in price.10

A CASE FOR CONSUMER AFFAIRS AUDIT

The developing countries with their monopolistic business conditions and too many people chasing the few products are potential grounds for consumerism, whereas, the affluent societies of the West have become more or less consumer
societies. This is so because in a purely capitalistic or developed economy, the consumer is the king and all productive enterprises that do not take into account this vital point confront failure in the competitive race.

As the militant and vocal bodies with adequate support from press media, consumer organisations have proved themselves capable of wielding enormous bargaining power to dictate terms to business. They are such a very strong forces to reckon with that for a company to run on efficient and healthy lines, the consumer affairs function has become as crucial as the finance and production functions.

Consumerism, as we know today, has stemmed from discontent and frustration caused by business injustice and seeks to remedy those social evils. Another significant factor contributory to this aspect is the growing professionalisation or corporate management and consequent readiness of the corporate sector to reorient their outlook and operations to suit to the more progressive and ethical approach. In the academic circles there is an increasing emphasis on broadening the concept of marketing in India to make it socially responsible and instrumental for the promotion of quality of life in the society. R.S. Davar emphasising the need for consumer orientation maintains: "The economic and social justification of a company's existence is the satisfaction of the consumer's wants. A belief in this concept leads to the direction of all activities of the company whether they be in production, engineering or finance towards first determining the consumer's wants and then attempting to satisfy them while making a reasonable profit". With Social sensitivity having thus become estab-
lished as tremendously important for the survival of companies much attention has to be given to the audit and evaluation of consumer affairs of company.\textsuperscript{11}

CONSUMER AFFAIRS AUDIT DEFINED

Auditing is not new to the business management. Every organisation needs to review its basic operations from time to time to make sure that they are attuned to the changing environment and operations. Consumer affairs audit may be defined as, ‘a systematic, critical and impartial appraisal of the consumer affairs of a company with reference to the objectives policies and procedure adopted and resources utilised for the purpose of promoting maximum consumer welfare’. Thus the auditing profession has marched forward from financial audit, cost audit, operational audit, propriety audit, management audit, and now to the social audit. Consumerism creates the challenge of a consumer affairs audit which means intensive examination of specific marketing activity for the sake of improving the service to consumer. It helps the company to review its operations and revise its stand and enable it to gain competitive strength through strong consumer appeal and resulting in heightened consumer loyalty.

ADVANTAGES

Several advantages that flow out of this new type of audit may be enumerated as under:

1. It helps in checking whether the marketing is really sensitive to changes in consumer preference and is accurate and faithful in reporting to the top management.
2. It helps in verifying whether policies are being correctly translated into actions.

3. It helps to measure product or service acceptability to the customer after their introduction in the market place.

4. It helps consumers get a fair deal in the market place with reference to product quality, price and availability.

5. It helps to neutralise consumer criticism and to close a gap that could be filled with governmental regulations.

6. It helps make optimal utilisation of resources by expanding the horizons to markets.

7. It enables business to pursue consumer interest objectives by verifying its performance from time to time.

MAKING CONSUMER AFFAIRS AUDIT - A SUCCESS

The consumer affairs audit may take different forms and require different organisational arrangements. The three principal way may be as follows:

* An individual executive may be appointed to find out how complaints are handled at the various sales centres and distribution and promotion programmes are implemented.

* A special team of auditors may be appointed whose function is to assess the performance of marketing department through the study of factual information obtained from office files, and also from consumers through personal visits and discussions or phone calls.

* A permanent Consumer Affairs Department may be set up and consumer councils may be asked to assist the company in identifying consumer attitudes, pinpoint problems encountered and obtain comments and suggestions on how company can more effectively respond to customer needs. Once the approach is determined, the nagging problems will be:
1) Who will be the Auditor?

The important aspect to be considered here is whether the company has to rely solely upon the internal members or appoint outsiders for auditing the affairs. The decision depends on the size of the company, the need for introducing an impartial mind, and the intensity of consumer movement.

2) What is the scope of the Audit?

The question whether it is to be carried out in all sales centres, on all aspects related to consumers are to be resolved before data pertinent to audit is collected.

3) How to obtain the Information?

With the system defined, approaches to gathering the information from the sources appropriate should be planned. In conducting the audit the following procedures may be considered.

**Analysing company files:** For those firms having files of consumer complaints, inquiries, suggestions both personal and telephonic - a random sample of items especially complaints can be taken and examined.

**Interviewing management and staff personnel:** The auditing team may be allowed the autonomy to interview top management and consumer affairs personnel concerning objectives and perceptions of the company's consumer effort.

**Reviewing company documents and literature:** The audit should evaluate any information that is printed by the company for its consumers, investors and other publics. The purpose of analysing this information is to evaluate its
content, quality and extent of coverage in relation to its stated objectives and methods.

** Searching external complaint files: ** Access to a small number of complaints against the company that are on file in consumer organisations and business associations is necessary to make the audit more effective.

** Additional Methods: ** Some unconventional methods that may be gainfully employed are

--- Presenting mock letters and phone calls to test the effectiveness,

--- Personal observation of the activities of personal in the consumer affairs department,

--- Conducting interviews with personnel in all departments that interact with the consumer affairs and

--- Contacting members of the distribution system.

4) **How to appraise?**

   The performance evaluation needs establishment of standards must be specified to reflect what the firm is striving for and against which consumer affairs performance is evaluated. Without such standards, the audit exercise turns out into a mere farce. Information initially gathered with the set of standards in order to assess the acceptability of performance will go into comparison to result in certain valid inferences or sometimes may warrant revision of standards, so that the exercise will be of some use to company in revising its policies in the future.

5) **What the report should contain?**

   The report should present a clear description of the performance of the company in promoting consumer satisfaction with comparisons of actuals with the standards and suggest recommendations to improve goals policies and organizational arrangements of the company.
NEED FOR SELF-REGULATION/COUNCIL FOR FAIR BUSINESS PRACTICES (CFBP)

Twenty five years back a frail voice was raised by the Council for Fair Business Practices (CFBP) through its forerunner organisations. Fair Trade Practices Association calling the business community to unite on one platform and promote fair business practices by adopting a nine-point code of conduct in all levels of business. The movement was launched with the sole objective of improving down fast. The movement in essence, was not a new idea nor was it a new approach. It was simply an attempt to establish as a standard, those principles that always guided the best and most well meaning business houses, but which were getting no recognition or appreciation along the way. Nevertheless, it was a unique effort because it was the only organisation of businessmen which called for adoption of self-regulation of business in order to stop and avert the increasing trend of Government legislations. If larger number of progressive businessmen supported this effort, this movement would have gone a long way by improving the image of Indian business and making it more trustworthy. And to that extent, it would have made the legislation that was imposed later, completely redundant. It would of course be uncharitable to suggest that the task undertaken by CFBP, 25 years before has run aground. Nor can any one say that it has not had the courage to venture forth into uncharted seas and that all of its initiatives have led to nowhere.

The situation is distinctly better now in the sense that there is larger realisation of the need to have self-regulation in business as a positive alternative to Government legislation. But, somehow, it has not been able to stem the erosion of people's confidence in business community owing to lack of popular support and acceptance of its objectives by the business community and visible absence of its authority over its members and other businessmen. But for preserverance of
its organisers, even the existence would have been in serious jeopardy. Later, however, there has been better support to the concept of self-regulations. Although we are late, we still have time for introduction and rethinking on the concept of self-regulation in an objective manner.

CONCLUSION

The foregone analysis lead us to conclude that with the intensifying pressures from consumers for a fair deal, the companies in India find the need for setting up a Consumer Affairs Audit Department or adopt such self regulation to improve their relations with the consumers and also to provide new ways for building strong consumer loyalties towards them. These departments act as intermediates between the consumers organised and unorganised and the company. In doing so they serve as an early warning system with the corporate decision making process. If properly positioned supported and utilised, they play a valuable role in spotting problems and resolving them across the entire spectrum of corporate activity. Their activities may not show up immediately in the profit and loss columns but are nevertheless essential in the long run interest of the firm. It is this significance that makes a case for the consumer affairs audit.12
REFERENCES


4. Ibid. P.30.


6. Ibid. P.12.


12. Ibid. p.11.