

Consumer Studies

By: Taruna Jain

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BBA, MBA, B.Com, BMS, M.Com, BCA, MCA
and many more courses for Various Universities



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Sample Preview of The Chapter

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CONSUMER STUDIES

CONSUMER: THE BASICS



Who is a Consumer?

INTRODUCTION

Let us start by understanding who is a 'consumer' and what is his profile. After this, we will study about the need for consumer protection and the legal status of the Indian consumer. This chapter also covers the characteristics of the Indian consumer and how is it different from the consumers of the industrialised countries. Another important aspect covered in this chapter is recognising some of the pressures and persuasions which influences the consumer. Let us begin by understanding the definition of a consumer.

CHAPTER AT A GLANCE

WHO IS A CONSUMER—DEFINITION

In today's world, a consumer can be defined as a person who uses a large variety of goods and services. An ancient man used to make a lot of effort for food by moving from one place to another and used wood and dry leaves to make fire. But today's man produce and consume the goods in exchange for money. From this, arose the concept of a consumer who can be defined as a person who buys the product from the market and also uses the services for his personal use.

Another definition of a consumer is a person who buys goods and services from the market and also make use of the public utilities or in other words, a consumer is a person who make use of goods and services from the market in order to meet his personal requirements and not for manufacturing or resale purposes.

The Consumer Protection Act, 1986, defined a consumer as 'a person who buys goods or hires any service for a consideration which has been paid, or promised, or partly paid or partly promised, or under any system of deferred payment, and includes any user of such goods other than the person who buys such goods for consideration. People who use the services or goods for resale or commercial purpose are not included in the category.

To sum up, we can define the consumer as a person who possess following characteristics:

- (i) A person who consumes the goods and makes use of the services in the market.
- (ii) Consumer is associated mainly with the goods and services.
- (iii) A consumer is a person who buys goods from the market and uses the goods with the approval of the buyer.
- (iv) A consumer hires the services for a consideration and is beneficiary of such services.
- (v) A consumer buys goods only for private use and not for commercial purposes.

Characteristics of Consumer Buying

A consumer spends a lot of time in looking for alternatives for his goods as a large variety of goods is available in the market and the consumer has to purchase a limited variety of goods. To identify a suitable product for himself, a consumer carry out elaborate surveys and tests or to meet his requirements, even get it made to order.

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Only a small quantity of variety of goods is purchased by the consumer and for this a consumer has to remain alert and not get trapped in the art of skilled salesman who tend to confuse the consumers. The different types of goods consumer buys includes:

- Convenience goods which are purchased on a frequent basis and with minimum effort. This includes food products, soap, confectionery, daily newspaper, etc.
- Shopping goods are the goods bought by the consumers after factors like suitability, quality, price and style etc. are considered. This includes goods like ready-made garments, furniture, shoes, etc.
- Speciality goods includes the goods which have unique characteristics and are branded and the consumer makes an extra effort to buy such products. This includes products like T.V., stereo, refrigerator, camera, etc.

Profile of Consumer

As studied above, a consumer is a person who buys goods from the market for his personal use. A consumer is irrespective of the age, gender, education level and status. A consumer can be divided into following categories:

- Age whether child, or teenager, or adult or senior citizen.
- Gender whether male or female.
- Social-cultural status whether literate or employed or skilled or rural or illiterate or unemployed or unskilled or urban etc.
- Economic status whether belonging to rich, poor or middle class.

In country like India, some other factors like different religions, different languages and people with different traditions also play an important role as it directly or indirectly affect the consumption pattern. A manufacturer has to consider all these aspects while formulating the selling strategies.

In the early stages, the Indian consumer was passive in nature who was powerless but now the consumer possess the power and is aware of the latest trends in the society. Today's consumer is ethical in nature who is aware of his/her duties as a consumer as well as a citizen.

CONSUMERS IN INDIA—BROAD PROFILE

The basic requirements and the desires of a consumer is same all over the world but there are some factors that distinguish India from other western countries. This includes factors such as cultural differences, socio-economic differences, etc. Some other factors includes poverty, illiteracy, population growth, etc. Which directly or indirectly affect the pattern of consumption of goods by the consumer. Let us now focus on some of the characteristics of consumers in India:

- India is a developing country and the consumers are heterogeneous in nature when it comes to social, cultural and economic aspect.
- Indian people have a low living standard because of the growth in the population. Approximately 21% of the Indian population live in urban areas and 79% in rural areas and out of all these approximately 40% live below the poverty line.
- The activities like agriculture, etc. help in generating about 50% of the National Income in India but 70% of the population is dependent on land for the survival.
- The consumers in India are not very literate and are poor and ignorant.
- The two sections of Indian population includes those who have modern outlook and behaviour and are sophisticated in nature and those who are on the extreme side of traditionalism. Only about 10% consists of middle or upper middle class who are sandwiched between the two extremes. The consumer of this section is generally scared of accepting the changes and is afraid of taking any kind of risk.

The population growth in India is very high which in turn leads to the shortage of goods and services. Because of ignorance and illiteracy, the acceptance of people towards any kind of change is also very slow.

The Indian scenario is now a changed one. The government is focussing on the requirements and the needs of the consumer. The consumer is not taken for granted. A number of policies and Acts have been designed for consumer grievances and the focus has shifted towards the social and economic priorities of the people. Apart from the materialistic aspect, the consumer is focussing on the social and environmental needs.

CONSUMER BUYING MOTIVES

There are a number of factors which directly or indirectly influence the purchase behaviour of a consumer. Some of the factors that influence the buyers', decision about selecting the products includes income, age, sex, size of the family, socio-economic status, employment status, educational and environmental status etc.

Some other factors which affect the buyers, decision includes cost, availability, season, demand, environmental factors, habit, hobbies etc. In today's modern day market, a producer spends huge amount on advertisement and uses it as a tool to influence the customer and his motive of buying the product. Thus, advertisement is playing a vital role in influencing the customers decision of selecting a product.

Consumer Satisfaction

A consumers' demands and wants are unlimited which include products and goods necessary for life. An efficient consumer buys the right product at the right amount which is the minimum cost to himself. The high cost of merchandising results due to the ignorant, careless, thoughtless and selfish nature of the buyer.

An intelligent consumer spends time in planning and studying the information about the goods and then thinking and judging the right product for himself and for his family. A consumer makes best use of the resources and wisely spend on his needs and requirements. Finally, a wise consumer can seek the guidance for implementing new ideas and developments and before finally spending on the goods, a consumer can take the help of a reliable and competent source.

There are three stages of modern approach when it comes to buying of products. This includes:

- Pre-shopping which is necessary for consumer's satisfaction.
- Market selection which is the second stage and is concerned with selecting the right goods from various alternatives.
- Follow-up stage in which the expected benefits are realised.

CHECK YOUR PROGRESS

Q. 1. State the most important features of Indian consumers.

Ans. The important features of Indian consumers are:

- (a) Indian consumer is illiterate and ignorant.
- (b) Because a large number of people live below the poverty line, the Indian consumer is poor in nature.

Q. 2. Describe the influences that determine consumer buying motives.

Ans. There are a number of factors that influence the consumer's buying motives. These factors are both internal and external in nature. Besides two important factors i.e. need and behaviour of the consumer, some other factors which affect the buyers', decision about buying a product includes income, age, sex, size of the family, socio-economic status, etc.

Q. 3. What are the three stages in modern approach to buying?

Ans. The three stages in modern approach to buying are as follows:

1. Pre-shopping: Which is done by the consumer to satisfy himself/herself.

2. Market selection: This is the second stage which includes selecting the right goods according to the need and requirement of the consumer.

3. Follow-up stage: This is the last stage which includes following up after the market selection and realising the expected benefits.

ADDITIONAL IMPORTANT QUESTIONS

Q. 1. What are the characteristics of Consumer Buying?

Ans. A purchasing agent of government spend a lot of time looking for the alternatives of the product and to achieve this he make elaborate surveys and tests whereas a consumer has to purchase only small quantities of a variety of goods and therefore testing and extensive shopping is not possible.

A consumer should be intelligent enough to judge the smartness of the skilled salesman who might confuse the consumer and make irrational buying of products.

Q. 2. What are the types of goods a consumer buy?

Ans. There are three types of goods a consumer buy which includes convenience goods, shopping goods and speciality goods.

Convenience goods are purchased frequently and without much effort. For e.g. soap, confectionery, food products, etc.

Shopping goods are bought by the consumers considering the factors like suitability quality, price, style, etc. These goods includes ready-made garments, furniture, shoes, etc.

Speciality goods includes TV, specific, refrigerator camera, etc. and posses specific and unique characteristics and brand identification and the buyers make special purchasing effort to buy such products.

Q. 3. Describe the profile of a consumer?

Ans. The profile of a consumer is largely dependent upon the complexity of the social structure. Consumers are divided into following categories:

- Age
- Gender
- Social Cultural Status
- Economic Status.

Also in India, the rich cultural diversity of the country also affects a consumer's profile. The community in India is heterogeneous in nature and follows different religion with people speaking different languages and adhering to varied traditions. All these characteristics has impact on the consumption pattern of a consumer.

The Indian consumer is passive in nature. Who is lack of awareness and is aware of his/her rights and feel powerless. But now with the change in scenarios, the Indian consumer is getting more and more organized and is exercising their power and is fulfilling the duties not only as a consumer but also as a citizen.





Evolution of the Consumer

INTRODUCTION

The previous chapter covered the basic definition of a consumer. We studied that all of us from womb to grave are consumers and form the largest economic group in the country. All the economic activities of the country are dependent upon the consumer. But inspite of all this, in countries like India, a consumer is voiceless. But now, the scenario is changing and with the socio-economic development of the country, the pattern of consumption of a consumer, his problems and his nature in terms of need are gradually changing.

In this chapter, we will study about the evolution of consumer and also analyze the production and consumption of goods and services. This chapter will help us to recognize the need for organised or collective consumer movement which help us to safeguard the interests of consumers.

CHAPTER AT A GLANCE **CONSUMER IN EARLY AGES**

The history of a consumer is very old and begins with the history of mankind. The early man used to collect food and other terms directly from the nature and then slowly and gradually they started with the process of production and became both a consumer and a producer. As the time passed, human needs increased and became varied. Initially, they started the production process on their own but slowly began socializing and then the process of production started with mutual dependence. The art of living in groups taught humans feeling of sharing the responsibilities with others. With this started the Barter system which means exchange of goods with other goods.

INDUSTRIAL REVOLUTION

The Industrial Revolution brought a drastic change in the life-style of the people. The Revolution started in England in the late 18th century and then spread to

Western Europe in the early 19th century. With the advancement in science and technology, the mechanism of production advanced which in turn led to the mass production of goods. The consumer became different from producer and money in the form of coins and paper currency became the medium of exchange between the two groups.

Industrialisation brought about a revolution in the market and the consumer environment. A consumer had lots of varieties in the market to their choice and had to face the market and the selling pressures. Thus, industrialisation gave birth to modern day concept of consumer as a buyer and the user of goods from the market. Another aspect that rose from industrialisation is consumerism. Let us study more about the concept of consumerism.

Consumerism: In order to protects the individuals from the policies that infringe upon their rights as consumers, the government, the business and the independent organisations carry out some hidden range of activities, this is called as consumerism. Now-a-days, the business activities are very competitive and complex in nature and the credit for the same goes to the modern technology and the large scale growth of the enterprises. Some of the factors responsible for the growth of consumerism are as follows:

- (a) People are now aware of their rights as a consumer due to educational development.
- (b) With the increase in knowledge, there is a rise in income due to which people have started spending more on goods and services for themselves.
- (c) Consumer expects goods worth their money. If a consumer is willing to spend more, he expects a product of better quality.
- (d) A purchaser possess good knowledge about the market and think twice about the quality, quantity and utility of the product.