



CONSUMERISM IN THE MODERN ERA: NEED AND IMPORTANCE

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Abstract: *Consumer protection is a major topic of discussion across the world. This is because many consumers are not aware about their rights. This fact favours the marketers as they misuse the ignorance of the consumer. After many repeated attempts, some changes have been noticed in the attitude of consumers. Due to this the movement of consumerism is gaining momentum. One other extension to this concept is the growth of green consumerism, wherein consumers tend to use products which have a minimal impact on the environment. This article aims to highlight the importance of consumerism and the advantages of green consumerism.*

Keywords: *Consumerism, Green Consumerism, Sustainability*

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INTRODUCTION

"A Consumer is the most important visitor on our premises. He is not dependent on us we are on him. He is not an interruption to our work; he is the purpose of it. We are not doing a favour to a consumer by giving him an opportunity. He is doing us a favour by giving an opportunity to serve him." This is a popular quote given by Mahatma Gandhi. But are customers really treated that way? Is he given the due importance? If not treated well, does he protest or just accept it meekly? What should he do? The concept of **consumerism** may be able to answer these questions.

In spite of these views consumerism is still in its infancy in our country. Consumer awareness is relatively low due to the apathy and lack of education among the masses. Most consumers are not aware about their rights – they have little information on product quality, price, protection against unsafe products, access to variety of goods at competitive prices, consumer education etc. What consumerism lacks here is education and information. The providers of goods and services have been reluctant to give due consideration to consumer interest protection.

CONCEPT OF CONSUMERISM

According to McMillan Dictionary (1985) "Consumerism is concerned with protecting consumers from all organisations with which there is exchanged relationship. It encompasses the set of activities of government, business, independent organisations and concerned consumers that are designed to protect the rights of consumers". The Chamber's Dictionary (1993) defines Consumerism as the protection of the interests of the buyers of goods and services against defective or dangerous goods etc. "Consumerism is a movement or policies aimed at regulating the products or services, methods or standards of manufacturers, sellers and advertisers in the interest of buyers, such regulation maybe institutional, statutory or embodied in a voluntary code occupied by a particular industry or it may result more indirectly from the influence of consumer organisations"

In simple terms, consumerism is a process through which the consumers seek redress, restitution and remedy for their dissatisfaction and frustration with the help of their all organised or unorganised efforts and activities. It is, in-fact a social movement seeking to protect the rights of consumers in relation to the producers of goods and providers of services.



In the current day scenario, the consumer is the focal point of any business. Consumers' satisfaction will benefit not only business but government and society as well. So consumerism should not be considered as consumers' war against any business. It is a collective consciousness on the part of consumers, business, government and civil society to enhance consumers' satisfaction and social welfare which will in turn benefit all of them and finally make the society a better place to live in.

COMPONENTS OF CONSUMERISM

There are various components of consumerism. First and foremost is self-protection by consumers. Consumer must be aware of his rights, raise voice against exploitation and seek redressal of his grievances. Consumers' consciousness determines the effectiveness of consumerism. It is the duty of the consumer to identify his rights and to protect them. Voluntary Consumer Organisations engaged in organising consumers and encouraging them to safeguard their interests is another important element of consumer movement. The success of consumerism lies in the realisation of the business that there is no substitute for voluntary self-regulations. Little attention from the business will not only serve consumers interest but will also benefit them. Some businesses in India have come together to adopt a code of conduct for regulating their own activities. Regulation of business through legislation is one of the important means of protecting the consumers. Consumerism has over the time developed into a sound force designed to aid and protect the consumer by exerting, legal, moral and economic pressure on producers and providers in some of the developed countries.

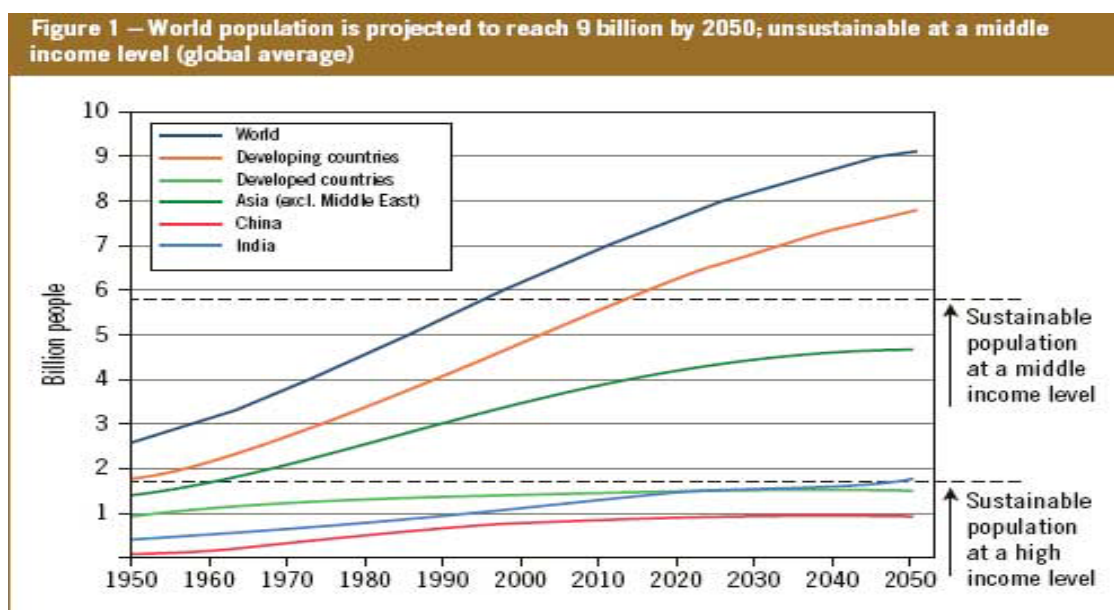
REASONS FOR GROWTH OF CONSUMERISM

The Indian market is seeing a paradigm shift in the consumption patterns. The ever-growing middle class is one reason for this change. Population growth and economic development are driving consumption around the world and will continue to do so as billions of consumers – especially in China, India and other emerging economies – add to the demand for goods and services. The market pressure created by competitive spending and conspicuous consumption turn the affluence of some into the exclusion of many. The number of middle-class consumers worldwide is expected to triple by 2030. Projected rises in the GDP of developing countries are expected to accompany a three-fold increase in the number of middle-income consumers. By 2025 there are expected to be 220 million middle-



income consumer households in China alone – approximately four times as many as there were in 2004.⁸ According to Goldman Sachs, 70 million people each year are entering an income bracket equivalent to between US\$ 6,000 and US\$ 30,000 in purchasing power parity terms. This phenomenon may continue for the next twenty years, accelerating to 90 million new middle-income consumers per year by 2030. If this proves to be the case, then 2 billion people will have joined the ranks of the middle class by that date, bringing almost 80% of the world population into the middle-income bracket

Figure 1 World population is projected to reach 9 billion by 2050; unsustainable at a middle income level (global average)



Source: World Resources Institute (WRI)/Earthtrends, 2008.

GREEN CONSUMERISM

Green consumerism refers to recycling, purchasing and using eco-friendly products that minimize damage to the environment.

SUSTAINABLE PRODUCTION & CONSUMPTION FROM A BUSINESS PERSPECTIVE

Sustainable production and consumption involves business, government, communities and households contributing to environmental quality through the efficient production and use of natural resources, the minimization of wastes, and the optimization of products and services. The WBCSD recognizes the need for business to take a leadership role in promoting sustainable patterns of production and consumption that meet societal needs within



ecological limits. Business can best work towards these goals through responsible environmental management, enhanced competitiveness and profitable operations.

WORKING DEFINITION OF SUSTAINABLE PRODUCTION & CONSUMPTION

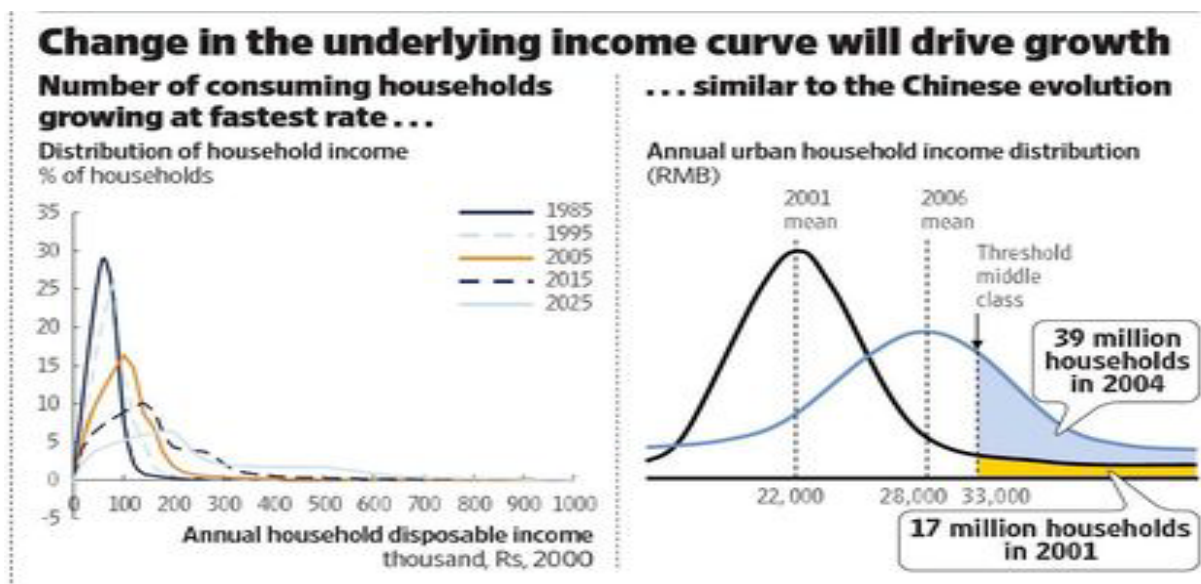
“The use of goods and services that respond to basic needs and bring a better quality of life, while minimizing the use of natural resources, toxic materials and emissions of waste and pollutants over the life cycle, so as not to jeopardize the needs of future generations.”

THE INDIAN MARKET

- Indian income will **triple over the next two decades**.
- Over the next two decades, the country’s middle class will grow from about 5 percent of the population to more than 40 percent and create the world’s **fifth-largest consumer market**.
- In 2005 private spending reached about 17 trillion Indian rupees (\$372 billion), accounting for more than 60 percent of India’s GDP, so in this respect **the country is closer to developed economies such as Japan and the United States** than are China and other fast-growing emerging markets in Asia.
- India remains the **least urbanized** of the emerging Asian economies. Today only 29 percent of Indians live in cities.

Source: McKinsey global –India consumer research

Figure: 2 Rising income to increase growth in consumerism



Source: McKinsey on Indian Retail: "The Great Indian Bazaar"



CONSUMER ATTITUDES IN EMERGING MARKETS: FOCUS ON INDIA

In 2008, the WBCSD's Future Leaders Team spoke with young business professionals about sustainable consumption in India. These young business people also represented young Indian consumers, mainly from the middle and upper socio-economic groups. Following are some of the insights gathered with regard to sustainable consumption – and its prospects – in India:

- Consumption patterns. Indian household incomes are set to almost triple over the next two decades.
- Consumer awareness. Awareness and understanding of sustainable consumption among consumers was low; the majority of Indian consumers still buy small, unpackaged goods from low-cost, family-run shops. Even to wealthier Indian consumers, sustainable consumption was felt to imply only consuming less; the concept of consuming differently is “a significant but missing factor”.
- The role of brands. Middle and high income Indian consumers are very brand conscious, so brand owners can play a major role, both in changing their practices and in educating their consumers.
- The role of business. Participants felt that sustainability and CSR should be embedded into corporate strategies, including the responsible investment of company assets and the encouragement of social entrepreneurship. Significant opportunities exist in the development of new sustainable markets, such as for eco-products, nonpetroleum-based products, sustainable buildings and public transport.
- The role of governments. Support from government is essential, since some businesses will always seek to place profit before cost, even if the majority behaves responsibly: “One of the most important aspects is to work closely with government – setting the law, regulations and tax framework.” (HSBC)

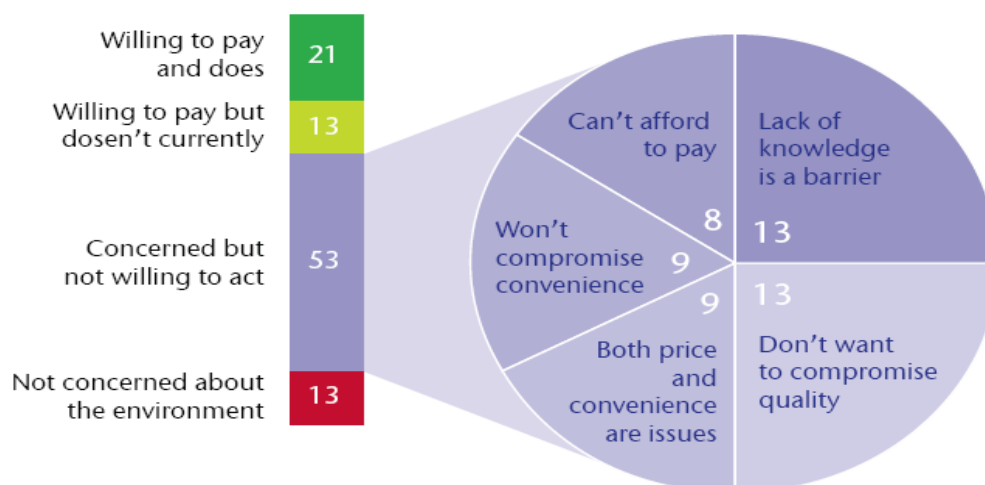
KEY IMPACTS OF GREEN PRODUCTS

- Consumers have been asking for green products, ie there has been a clear raise in demand for such products.
- Businesses have looked into the green process - generating corporate environmental profiles, monitoring and evaluating green performance, and improving corporate image as a result.



- Green products have also increased competition among businesses to generate more environmentally friendly products.
- Ecolabelling networks that monitor and evaluate green products have been developed in many countries. These networks have done life cycle analyses to understand the impact of products.
- Governments have also taken several measures that have supported and facilitated such moves by businesses.

Figure: 3 Global retail consumers segmented by willingness to pay for products with environmental & social benefits – Survey of consumers in Brazil, Canada, China, France, Germany, India, the UK and the US.



Source: The McKinsey Quarterly, March 2008

THE GAP BETWEEN CONSUMER ATTITUDES AND BEHAVIOR

Despite significant shifts in levels of awareness, concern and general attitudes to environmental and social issues, many consumers have not made the same shifts in general behaviors, lifestyles and purchasing decisions. Consumers are more likely to adopt environmentally responsible behaviors if both cost-efficient and convenient. A McKinsey survey of consumers in Brazil, Canada, China, France, Germany, India, UK and the US found that 53% were concerned about environmental and social issues, but not willing to take action at the shops (Figure 3); a further 13% were willing to pay more, but currently did not do so.



GREENDEX SURVEY

National Geographic Society and international polling firm GlobeScan conducted the third annual Greendex survey. The 17-country survey looked at consumer behaviors that have an impact on the environment, including their transportation patterns, household energy and resource use, and consumption of food and everyday consumer goods, and what consumers were doing to minimize that impact. Increase in green behavior seen, as Indians rank most sustainable, Americans rank lowest in the 2010 Greendex Survey of 17 Countries.

Table – 1 GREENDEX Survey 2010

Greendex Overall Scores

Consumers	2010	2009	2008
Indians (1)	62.6	59.5	58.0
Brazilians (2)	58.0	57.3	58.6
Chinese (3)	57.3	56.7	55.2
Mexicans (4)	54.8	53.8	52.7
Argentineans (5)	54.2	54.7	NA
Russians (5)	54.2	52.0	51.1
Hungarians (7)	54.1	53.3	51.7
South Koreans (8)	52.8	54.6	NA
Swedes (9)	50.7	51.1	NA
Spanish (10)	50.4	51.4	48.0
Australians (11)	50.3	50.5	47.8
Germans (12)	50.0	51.1	48.1
Japanese (13)	49.7	49.3	47.4
British (14)	49.6	49.4	48.2
French (15)	48.9	49.5	46.5
Canadians (16)	47.9	47.5	46.3
Americans (17)	45.0	43.7	42.4

Source: National Geographic Society/GlobeScan Greendex survey

The above results show that the Indian consumer is undergoing a major change and the consumption patterns are more focused towards maintaining sustainability.

KEY INSIGHTS FROM LEADING COMPANIES

We need to change current habitual consumption behaviors that are unsustainable. For example, despite all the collection schemes and incentives, it is still easier and more natural for many consumers to throw their valuable metals away after use rather than return them for recycling.

Umicore

When we believe in the premise that free and unbiased market forces are the globally effective mechanism that can help balance supply and demand in the long-term, then



change can happen. Business can show leadership by adjusting business models to the real costs of goods and services and unequivocally communicating this to their customers.

Adidas Group

Nokia is fortunate to be operating in an industry with a relatively small ecological footprint. But leadership calls for responsibility; our strong market position and global reach enable us to drive best practice, both within the industry and among consumers. Our business focus is shifting towards software and services, opening up new opportunities for sustainability gains. Consumers are increasingly conscious of the need to make sustainable lifestyle choices, so we regard green innovation as a means of both reducing our environmental footprint and increasing the value of our brand. We believe that only responsible companies and brands will be successful in the long run.

CONCLUSION

Market forces will never meaningfully reduce consumption and achieving a sustainable future is not a task that can be left to the markets; it requires a renewal of non-material values, and political action by people as citizens, not simply as consumers.

Only in a coherent society with a responsive, accountable and popularly supported system of government can either voluntary or coercive measures aimed at bringing consumption levels within the limits of ecological sustainability will be effective.

It is essential that all stakeholders, including business recognize the real benefits of ecosystems and that the true value of ecosystem services be attributed and internalized. The value and sustainable management of ecosystems must become a more integral part of economic planning and decision-making by society; otherwise nature will always be treated as a second priority compared with social and economic development.

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