

# Consumerism: A Study On The Evolution Of The Consumer Movement

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## CONSUMERISM - DEFINITIONS

Consumerism has been defined as, "A social movement seeking to augment the rights and powers of buyers in relation to sellers" (**Philip Kotler, 1972**). **McIlhenney (1990)** defined it as a citizen's movement which will make broad-reaching social, ecological and political demands on suppliers of goods and services. The term consumerism was first documented in The New Republic in 1944, used by **Greer (Roger Swagler 1994)**. The Oxford dictionary meaning of consumerism is "*the protection of the consumers' interest*".

The consumer activism was not new to western society. The American revolution was founded on consumer activism, as it was the boycotts of products and an acknowledgment by consumers that political power lay in their purses as much as it did in their pamphlets. In Britain, common people displayed a vibrant consumer consciousness when they protested against unfair prices and the exploitative actions of middlemen in the provision of food staples and local markets. In 19th century, the cooperative movement, the first truly consumer organization, mobilized millions of ordinary working class shoppers (**Matthew Hilton, 2005**). However, the history, objectives and ideas of cooperative movement were different from those of the consumer movement (**Dameron, Kenneth, 1939**).

## EVOLUTION OF THE CONSUMERISM THOUGHT

**Philip Kotler (1972)** identified three phases of the consumer movement. The first phase was in early 1900's, where American government passed bills like Pure Food and Drug Act (1906), The Meat Inspection Act (1906) and the Creation of Federal Trade Commission (1914). The second wave of consumerism was in mid 1930s because of an upturn in consumer prices in the midst of Depression, the Sulfanilamide Scandal, and Detroit Housewives strike. And the third was because of factors like structural conduciveness, structural strains, growth of a generalized belief, precipitating factors, mobilization for action and social control.

In 1920s, economists like J.A. Hobson proposed a policy of '*living wage*' to labour party, which aimed to redistribute wealth from the rich to the poor and to ensure that the workers' income would be spent more productively. Consumer activists have recognized the same duties and responsibilities throughout the consumer movements (**Morrissian and Ruskinian**). In the early thirties, the consumer movement reflected the cooperative movement. However, in late 1930s, the consumer movement has tried to separate its identity from the cooperative movement. The consumer movement concentrated on consumers' rights to full and correct information on prices, on quality of commodity, and on costs and efficiency of distribution. The consumer movement described as the organizations, activities, and attitudes of consumers in their relation to the distribution of goods and services. The chief objective of consumer movement was the demand for information- information emphasizing the fact that the consumer was no longer content to know just where goods might be secured and how much they cost. And consumer movement was considered as the economic evolution (**Kenneth, 1939**). The Consumer movement gave rise to consumer education. Even some considered consumer education is different from consumer movement. Consumer education includes:

1. Training in market selection;
2. Training as to the use of goods and services;
3. Education of the relation of consumer to the economic order.

But it was considered that consumer education was an aid to the consumer in forming values. The Government in United States provided organized protection to consumers. In Great Britain, there was consumer representation in the Food council, set up by the Prime Minister in 1925. The Consumer committee was established by the Agriculture Marketing Act, 1931 to represent the interests of consumers of products marketed under approved schemes. Consumer movement created awareness in people about advertising. The analysis of advertising in its relation to consumer

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movement is confined to :

1. Consumer's attitudes towards advertising;
2. Important advertising problems arising from the consumer movement;
3. The possible effect of the consumer movement on advertising (**Kenneth 1941**).

There was very less literature is available on consumerism in 1950's. But this is not the case with 1960's, which gave a boom to consumerism, especially in the US economy. **Philip Kotler (1972)** identified the following factors that contributed to the rise of consumerism in 1960's.

## **FACTORS CONTRIBUTING TO THE RISE OF CONSUMERISM IN 1960'S (PHILIP KOTLER, 1972)**

1. **Structural Conduciveness:** Advancing incomes and education; Advancing complexity of technology and marketing; Advancing exploitation of environment.
2. **Structural Strains:** Economic discontent (Inflation) ; Social discontent (war and race); Ecological discontent (pollution) ; Marketing system discontent (Shoddy products, Gimmickry, dishonesty) ; Political discontent (unresponsive politicians and institutions) .
3. **Growth Of A Generalized Belief:** Social critique writing (**Galbraith, Packard, Carson**); Consumer oriented legislatures (**Kefauver, Douglas**) ; Presidential messages; Consumer organizations.
4. **Precipitating Factors:** Professional agitation (**Nader**) ; Spontaneous agitation (housewife picketing).
5. **Mobilization For Action:** Mass media coverage; Vote seeking politicians; New consumer interest groups and organizations
6. **Social Control:** Business resistance or indifference; Legislative resistance or indifference.

Ralph Nader gave consumerism a boom in 1960's. The international consumer movement reached its peak in most countries in late 1960's. In 1962, U.S. President John F. Kennedy proclaimed the consumer rights, which symbolized consumerism. They are :

1. The right to safety;
2. The right to be informed;
3. The right to choose;
4. The right to be heard.

These rights became the basis for auto and tire safety legislation, the truth-in-packing bill, and the truth-in credit regulations in US (**E.B.Wesis, 1968**).

**Philip Kotler (1972)** identified that consumers were expecting some rights in the consumer movement. The traditional rights that consumers have, were :

1. The Right to not to buy a product that is offered to him;
2. The Right to expect the product to be safe;
3. The Right to expect the product to turn out to be essentially as represented by the seller.

Consumers were expecting some other rights through consumerism, they were :

1. Right to have adequate information about the product;
2. Right to additional protection against Questionable products and markets;
3. Right to influence products and Marketing practices in directions that will increase the “*Quality of Life*”;

In Late 1960s and early 1970s, period consumerist movement formulated one single objective- the desire to ensure that consumers get a fair deal in the market place. Consumerist groups in America, Japan, and the United Kingdom took to the stress to protest against retail stores and manufacturing companies (**Sapiro and Lendrevie, 1973**) . Countries like Belgium, Britain, Denmark, France, The Netherlands, Norway and Sweden, and United States had started consumer protection programs. Improving the individual consumer ability to deal with consumer problems had started in this period. Consumer magazines started providing information on consumer education as a part of consumerism. The earliest to provide this type information were “*Consumer Reports*” United States and “*Which?*” in United Kingdom.

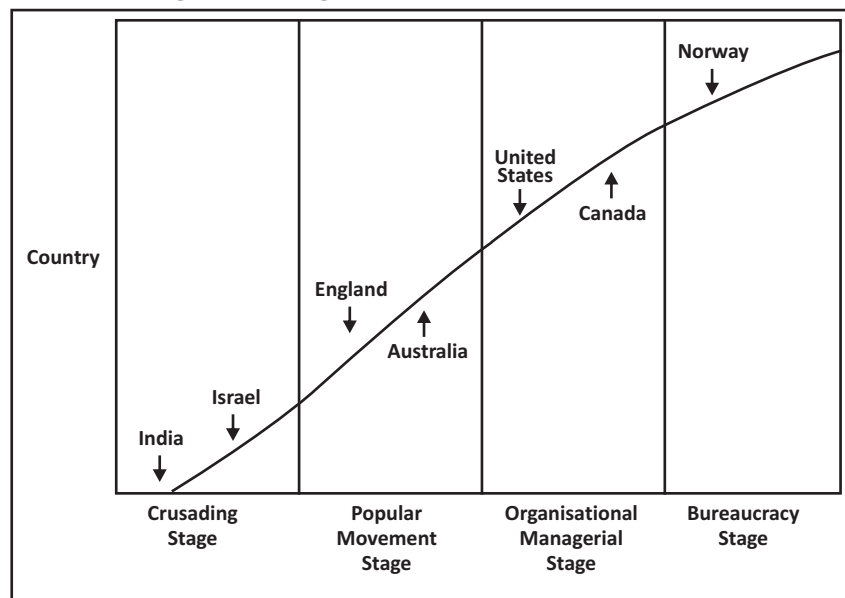
The consumer movement reacted strongly against the practice of business organizations of using informative and misleading advertising and packaging. The amount and type of information available to the consumer on any particular product were the function of three factors: Government Regulations, Independent Labeling Institutes and business policy. In Great Britain, different bills were passed with various aspects of consumer affairs. There was a great pressure on governments throughout the developed countries, and they passed many acts relating to consumer protection. Consumer Advice Centers had been established in the United Kingdom. In Sweden, consumerism has done much to protect consumers, as compared to other European countries. Middle-class consumers who gave consumerism its momentum, were satisfied with the system of consumer protection. In most countries, the amount and quality of shopping increased during the consumer movement in 1970's. There has been improvement in consumer sentiments towards business over the years in 1980's and this is due to,

1. Improvements in business practices;
2. Effective public relations efforts of business;
3. Changes in the Environment that produce less hostility towards business;
4. Consumers being less inclined to blame business for their problems (Varadarajan,1990).

## CONSUMERISM IN DEVELOPING COUNTRIES

**Thorelli (1990)** suggested that more advanced countries exhibit stronger consumer discontent or dissatisfaction with the product market, where educational attainments are higher and consumer expectations are greater. The level of consumerism activity in developing countries is far behind than developed countries. **Kaufman and Swagler** distinguished between four stages in the life cycle of consumerism: They are Crusading stage, Popular movement stage, Organizational/managerial stage, and Bureaucracy stage.

**Figure 1 : Stages of The Consumer Movement**



Source: Varadarajan, P. Rajan (1990)

According to this concept, different countries of the world can be positioned along the cycle based on the quantity and quality of information supplied to consumers, the extent of protective legislation, the authority of government consumer agencies, and public funding of consumer education programs.

**Barksdale (1982)** hypothesized that:

- (1) Consumers living in countries that have reached the mature bureaucracy stage of the consumerism life cycle are likely to be more satisfied with the status quo and are less likely to want additional government regulation.
- (2) Consumers living in countries in the crusading stage of the life cycle are likely to be less satisfied with the status quo

and are in favor of government intervention on behalf of consumers.

**(3)** The opinions of consumers living in countries in the popular movement stage and organizational/managerial stage of the life cycle are likely to fall in between those of consumers residing in countries in the bureaucracy and crusading stages.

**Kaynak (1987)** noted that consumerism could not develop until consumers believe problems exist in the market place. Consumerism was predominantly a Western phenomenon. As a result of change in the consumerism movement, business felt increasing pressure to change behaviors and to consider consumer and government concerns. Rising in the standards of living, electronic media, and increased international travel (**Gaedeke and Udo-Aka, 1974**) tried to follow the consumerism in developing countries like India, Singapore, etc.

## IS CONSUMERISM PROFITABLE?

**Philip Kotler (1972)** expressed his view that every social movement was a mix of threats and opportunities and those companies that would profit from consumerism were those in habit of turning negatives into positives. He has given the following matrix to identify the new product opportunities.

**Figure 2 : Classification Of New Product Opportunities (Philip Kotler, 1972)**

		<i>Immediate satisfaction</i>	
		LOW	HIGH
<i>Long-run Consumer</i>	HIGH	Salutary products	Desirable products
<i>Welfare</i>	LOW	Deficient products	Pleasing products

According to **Peter F. Drucker**, “Consumerism actually should be, must be, and I hope will be, the Opportunity of Marketing. This is what we in Marketing have been waiting for.”

## ETHICAL CONSUMERISM

The role of ethical consumerism is understood primarily in terms of the role of effective consumer demand as the medium through which ethical preferences of consumers and the ethical records businesses are signaled in the market place. Marketers are perfectly capable of expressing people's ethical, moral or political preferences, just as long as appropriate informational strategies are developed (**Carolyn Strong, 1996**). The two important aspects of ethical consumerism are :

1. The fair trade campaign to raise the public awareness and support;
2. Making the procurement practices of local authorities.

Here, various groups, which are interested in business are informed in Fair trade, like Local Government bodies, business bodies, local charities, community groups, trade unions and local people. Ethical consumerism suggests that the aims and objectives of consumer-oriented activism are best understood in terms of providing people with means of registering their support for particular causes; support, which draws on various motivations, rather than seen narrowly as providing a means of directly altering market conditions by exercising purchaser power. This suggests that ethical consumerism might be less significant in purely economic terms than is often claimed, in so far as it does not represent a spontaneous expression of consumer demand, while being more significant in political terms, than is often acknowledged, in so far as it is an important aspect of new forms of organization, campaigning, and mobilization around issues of global trade, world poverty, and social justice.

## CONSUMERISM-CURRENT SITUATION AND CHALLENGES

Consumerism in Western Countries is now at its peak stage. Consumers are enjoying every higher standard of living, but they are also guiltily recognizing the problems in sustaining standards. It is a fact that consumers all over the world are not enjoying the same standards of living, and they are not getting similar kind of products. Marketers' focus has changed to individual choice, which does not address this type of questions. The challenge of consumer movement is to engage with the issues raised by the consumers, and to play a role in the discussion of the meaning of consumer

society. The World and European Social forums have brought together a huge number of activists, and affluent Western Consumers, who have learnt about the world and the issues facing citizens everywhere through their engagement with the world of goods. They have not become politicized in the traditional sense - that is, through their role as workers and their participation in the trade union movement or through the support of producer interests (worker or employer) by the mainstream political parties. The consumer movement is ideally placed to articulate another vision of consumer and market (Kozinets, Handelman, Jay 2004). However, it is the consumer movement which knows better. Any engagement with the meaning of the market must acknowledge the right to consume freely, while discussing the responsibilities of consumers to ensure that all other consumers can enjoy and exercise those rights too. The main element of consumer movement has gradually become institutionalized and conservative in outlook. Increasingly, their activities are financed by government funds rather than from members' subscription. To a large extent, it has lost its momentum. And it seems to lack a clear objective. Nowadays, consumer movement is active in the third-world countries, rather than in developed countries. In developed countries, consumerism is still strong in health and Food-related Industries. There is a need to address the consumerism concept in the new generations in developed and developing countries for future generations to make them aware of consumer rights.

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