

CONCEPT OF E CONSUMERSIM: PROS AND CONS**-DR. HARPREET KAUR* & DEVYANG BAHRI******Introduction**

“When you put yourself in the customer’s shoes and begin your dialogue from there, an immediate connection develops that stems beyond basic commerce and encourages loyalty”

Steve Maraboli

With the change of nature of Indian economy from physical to digital economy, consumers have also been entered into a new online economy. This chapter profiles the importance of consumers as a backbone of economy and portrays the long path of struggle of consumers for the recognition of their rights. It elaborates the concept of ‘Consumerism’ and discusses historical movements which contributed for the origin of this concept. It sketches out that the phenomenon of ‘Consumerism’ is popular only in physical commerce and it is need of the time to place this phenomenon into an actionable practice in ‘e-market’ in India. This research work has come up with a simple tool of the ‘e-Consumerism Policy Matrix’ that attempts to evolve standards for providing shield to rights of consumers in an online shopping. The present study depicts the ignorance of application of the concept of ‘Consumerism’ in an online market for the protection of online consumers.

It is a well-known fact that the consumer plays a pivotal role in an economy. Consumer is the creator of an opportunity to perform an economic activity for the prosperity of the nation. The importance of the consumer in all business activities is rightly focused by many authors by laying due emphasis on the important position of the consumer in business world. Ideally the customer is the King and the uncrowned Monarch. Consumer is the nucleus round whom all business activities revolve as the planets do around the Sun.¹

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¹ D. Himachalam, Consumer Protection in India, The Associated Publishers, Delhi, 2006, p.1.

Meaning of a Consumer

From the legal perspective, the expression consumer has been defined in section 2(1) (d) of the Consumer Protection Act, 1986. The expression consumer has been defined in two parts. The first deals with goods and the other deals with services. It means purchaser of goods for consideration and hirer of services for consideration is a consumer. The term 'consumer' is exhaustive and wide enough to include the word 'user'². According to this definition not only the purchaser of goods or hirer of services is the consumer but also user of the goods or who avails the services and also beneficiaries of services with approval of the person who purchased the goods or who hired the services are also included in the definition³. Meaning of the word 'consumer' is given in various dictionaries as under:

1. "A person who buys goods or uses services"- Oxford Advanced Learners Dictionary.
2. "A person who purchases goods and services for their own personal needs" - Collins English Dictionary.
3. "A person or an organization that uses a commodity or services"-The Random House Dictionary.
4. "One who purchases goods and services"-Longman Dictionary of English Language.
5. "One who purchases goods or pays for services"-Oxford English Dictionary.
6. "One who consumes"-Black Law Dictionary.

Therefore, consumer means any person who buys any good or goods for consideration and any user of such goods but it does not include a person who obtains such goods for resale or for any commercial purpose. Commercial purpose does not include use by a consumer of goods bought and used by him exclusively for the purpose of earning his/her livelihood by means of self-employment. Therefore, purchaser of goods for commercial or business purpose has not been

² Section 2(1) (d) of the Consumer Protection Act 1986 defines the word 'Consumer'.

³ Sukhdev Aggarwal, Praveen Aggarwal and Sanjay Lohia, Commentary on the Consumer Protection Act, 1986, The Bright Law House, Delhi, 1999, pp. 12-13.

defined under the Act. Burden of proof to prove whether the transaction is for commercial purpose or not is not the static one but goes on shifting to other party⁴.

The Movements of Consumerism in India

In the wake of industrialization and cut-through competition, in India also the footprints of malpractices, all sorts of abominable means were being adopted by trader, businessmen, employers, producers and sellers etc. These practices were followed for making huge profits, becoming rich overnight and lust for money at the cost of consumers' interest. Therefore, in Indian society marketing of goods that are injurious to health and life, deception to consumers through unfair trade practices, substandard quality products, adulteration of food, non-supply of correct quality, misleading quantity, excess pricing etc. was in trend. In India, the plight of the consumer was worse because of ignorance, illiteracy and weak economic position. However, the effect of movements of 'Consumerism' in the United States of America and United Kingdom has been reflected in India. There are various laws which have directly or indirectly bearing on interests of the consumers.⁵ An exhaustive detail of Indian legislations on consumer protection has been discussed in chapter VII. It is observed that American and British Law has memorable contribution on consumer protection laws in India in physical world. The focus of this research is on the entrance of consumers in digital world and their protection therein.

Impact of e-Marketing on Consumer Behavior

One of the major strands (backbone) of e-Commerce is "consumer". e-Commerce can flourish simply by establishing the inclination to purchase a product by creating attractive www. page for that product. In the context of consumer behaviorism, two models are mentioned namely the Consumer Process Model and the Business Process Model. For the Business Process Model (from the perspective of Online Consumers) it is very important to get an insight into the understanding of the nature of search and discovery in the context of online shopping. It is also

⁴ M. Revathi vs. The Regional Customer Engineering Manager H.C.L. Ltd., 1997 (2) CPJ 86 National Commission. Intention of the Legislature for excluding the goods purchased for commercial purpose from the purview of the Act was that this summary remedy is to be invoked only by the ordinary consumers purchasing goods for their personal use and consumption and not by business organizations buying goods for commercial use, held in Inter Freight Service Pvt. Ltd. vs. Usha International, 1995 (1) CPJ 126 National Commission.

⁵ Chakradhar Jha, History and Sources of Law in Ancient India, Ashish Publishing House, New Delhi, 1987, pp. 15-20.

necessary to know some of most important questions like: (a) Why the consumer is shopping online? (b) What fascinates consumer in it? (c) Whether online shopping is optional or it has become part and parcel of our lives? (d) What products do consumers purchase and why? (e) How often do consumers shop online? From the Consumer Process Model, in Internet marketing any major purchase can be assumed to involve some kind of pre-purchase deliberation. Information search constitutes the major part of the duration but comparison of alternatives and price negotiation is included in evolving information search and deliberation process. The source of all such aspects is ‘Consumer Behavior in eMarketing’. The term consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items.⁶

Categories of Customers in Online Marketing

Each consumer has a distinct way of doing shopping and different criteria to define various products and services, however, some generalizations can be made about the way consumers make on purchasing decisions which are elaborated above. Generally, customers can be categorized into these categories:⁷ (1) Impulsive buyers; who purchase products quickly, (2) Patient buyers; who purchase products after making some comparisons, (3) Analytical buyers; who do substantial research before making the decision to purchase products or services and (4) There are Window Shoppers; who just browse.

Broadly speaking, online shopping experiences can be categorized into two distinct dimensions: Utilitarian value and Hedonistic value. These dimensions reflect the distinction between carrying out a shopping activity “to achieve a goal” or “complete goal” (utilitarian) as opposed to doing it because “to enjoy it” (hedonic). Marketing experts acknowledge that shopping experiences can produce both utilitarian and hedonic value. In today’s scenario, utilitarian aspect of shopping has garnered the majority of attention. The utilitarian attitude of consumers has often been considered as rational, logical, task-oriented, implying that a product is purchased in a deliberate and efficient manner. Organizational search is often considered utilitarian. The utilitarian

⁶ Leon G. Schiffman and Leslie Lazar Kanuk, Consumer Behavior, Pearson Education Inc., Delhi, 2004, p. 8.

⁷ T. N. Chhabra, R.K. Suri and Sanjiv Verma, 2008, p. 25. 3.

dimension is often equated with a work mentality and helps to explain why consumers browse through online stores. Hedonic value of online shopping is outcome of fun, enjoyment and playfulness. This dimension of shopping is more subjective and personal. The hedonic shopping value reflects shopping's potential entertainment, increased arousal, heightened involvement, perceived freedom, fantasy fulfillment and escapism⁸.

Benefits of e-Consumerism in India

Today, the digital revolution of the marketplace allows much greater customization of products, services and promotional messages than older marketing tools. Digital technologies have enabled consumers to find more information about products and services (including its prices, quality, features, models, colors, discounts and brands) more easily, efficiently, conveniently, quickly and most importantly from the comfort of their own homes. Over a period of a decade or so, the digital revolution has introduced several drastic changes into the business environment. The digital revolution enables marketers to build and maintain relationships with customers on much greater and efficient scale. Digital technologies can be termed as the engine for 'e-Consumerism' as digital technologies enable marketers to collect and analyze increasingly complex data on consumers' buying patterns and personal characteristics.⁹

1. Plethora of Information

Digital technologies have provided access to more information than ever before to consumers. They can easily find reviews for products they are considering to buy which have been posted by previous buyers or consumers. With a mouse-click they can compare the features of different product models at the sites of online retailers and subscribe to "virtual communities" of persons who share the same interests they do.⁸⁴ This is not possible in a traditional marketing scenario. Direct interaction with the sellers reduces cycle time, lower cost of responding to information, brings transparency and with comparison. Consumers can arm themselves with all necessary

⁸ Asit Nariyan and L.K. Thakur, 2000, p.112.

⁹ Leon G. Schiffman and Leslie Lazar Kanuk, 2004, p. 4.

information through various web-sites. Consumers can get access to web-sites of regulators and get to know what they are doing to protect the rights of consumers by service providers. To name a few regulations, the Insurance Regulatory and Development Authority (IRDA), The Reserve Bank of India (RBI), the Telecom Regulatory Authority of India (TRAI) and the Medical Council of India, (MCI). Consumers can contact these websites for the redressal of their grievances.¹⁰

2. **Disintermediation-No Middleman**

In e-marketing the exchange between marketers and customers is increasingly interactive and instantaneous. Traditional marketing is one-way street where the marketer pays a large sum of money to reach a large number of potential buyers with mass medium and then assess whether or not the response of consumer was effective in market studies. However, digital communication enables a two-way interaction in which consumers as well as marketers can instantly react to the reviews, say, clicking on link within a given web site or even by leaving site. In traditional market, middleman serves as a useful link between the producers and customers for sale. As the market shoots up in electronic trading, the middlemen intermediaries and salesmen start disappearing. This has benefited to the consumers in terms of commissions and fees which was earlier given to intermediaries. Moreover, the customers do not have to face agent and middle persons who exploit the consumers in profit making.¹¹

3. **Best Price and Quality Analysis**

The digitization of information enables sellers to customize the products and services they are selling and sell them at reasonable prices. A wider use of electronic medium of business transaction helps an economy by free flow of market information with large number of buyers and sellers, zero transportation and transaction costs for a large number of services. These advances have facilitated efficient and optimum use of scarce resources lowering both costs and prices. With the expanding use of Internet, global

¹⁰ L.N. Dhaiya and Seema, 2007, p. 94.

¹¹ Bob Mueller, "Keeping Your Customers from Defecting", Beyond Computing, April, 1999, pp. 30-31.

markets are getting widened and have drastically changed the economic map of world market¹²

4. **Quick and Convenient Shopping**

Online market environment provides benefits to both sellers as well as consumers. Marketers can track consumers' online behavior and also gather information by requiring visitors to websites to register and provide some information about them before they get access to the site's features. Thus, marketers can construct and update their consumer database efficiently and inexpensively. On the other hand, e-marketing facilitates quick and convenient shopping to consumers. It can make products and services available wherever and whenever the consumer demands. One can shop in the dead of night from any part of the world. Consumers need not to wait in traffic, find a parking space and pass through countless aisles to find and examine goods. With the Internet around, consumers could network with any market in no time and place an order or message (audio, video and text) across the globe for a product or service. Since it is possible for the suppliers, customers and competitors virtually under a common platform on website through Internet, massive exhibition of items is possible to arrange without carrying actual inventory and leaving the office or home. Now instead of physical market place, the world has entered into cyber-space market, which has tremendous speed of exposing and pulling in large number of customers to the market at an amazing speed.

5. **Employment Gains**

India is becoming a major outsourcing station because of its technological ability, quality, flexibility, competitive cost advantage and cost control. e-Marketing is likely to offer employment to million people and generate sources of income and revenue via export of software's and BPO services. In e-marketing women can hope to undertake different kinds of business activities without leaving their homes. Similarly, scope for retail and small business has been enlarged as this technology is size neutral. It merits attention that women entering the job markets and retailing dominating the market scene are two emerging realities to be reckoned within the Indian economy.

¹² Cost of providing and processing an invoice electronically is ten times cheaper than traditional means. At macro level, the entire economy as a whole, using e-marketing, would be settled at on higher equilibrium pedestal, widening substantially consumer choices and providing them quality products and services at competitive rates. These developments have benefited the consumers. See: L.N. Dahiya and Seema, 2007, p. 96.

Cons in E Consumerism

The common discontents received related to e-commerce are as follows:

- Defective or inaccurate product delivery;
- Refusal to replace wrong product delivered;
- Refusal or delay in refunding of money transferred for online purchase;
- Unreasonable delay in delivery of products purchased online;
- Issues regarding guarantee and warranty of products purchased online;
- Risky exposure of sensitive personal information shared for online transactions;

Such issues get difficult to tackle in the absence of any concrete legal remedy in the event of disputes.¹³

Conclusion

“A consumer is the most important visitor in our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider on our business. He is a 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.” Mahatma Gandhi To sum up the findings of this chapter, it would suffice to say that the above stated statement by Mahatma Gandhi seems to be highly ignored in cyber marketing (eCommerce). It is very important to give attention to public policy deliberations on ‘eConsumerism’ because the people of India have accepted this new revolution namely ‘Information Technology’ and ‘e- Commerce’. There’s no doubt that more and more of the world’s consumers want to buy anytime, through any channel and, increasingly, from anywhere. In China, shopping overseas via the Internet is now so common that it has a nickname—”hai tao” or “ocean search.”¹⁴ For rich class of people online shopping is a hobby, however, for middle class people there are so many fears about the privacy and security that hinders the growth of e- Commerce in India. Therefore, in India it is ripe time towards a movement of ‘e-consumerism’ on the path of protection of rights of consumers in an online world. It is observed that a strong platform for flourishing e-Commerce can only be provided when consumers are safe in eCommerce. Consumer education, awareness regarding their rights

¹³ <https://acquire.io/blog/problems-solutions-ecommerce-faces/>

¹⁴ Nathaniel Fry, Matthew J. Prebble and Christoph R. Loeffler, “Shoppers without borders”, Outlook, 2012, No. 1, pp. 1-5. Retrieved from visited on 28 January, 2013.

and knowledge about technology can provide a safe as well as fertile ground for the growth of 'eConsumerism' in India. The underlying destination of consumer education is to provide all people the information, knowledge and confidence that will give them a sense of control over their individual and collective consumer decisions. Therefore, it is need of time to revamp a movement toward 'e-Consumerism' in India.

Suggestions

In addition to the laws protecting consumers, consumers themselves ought to be careful and take some precautionary measures while making transactions and purchases online. A few examples are as follows:

1. Be well informed about the dealer before making an online purchase;
2. Read up on the privacy policy of the online portal or the dealer;
3. Never make purchases from unknown online retailers;
4. Read reviews before making a purchase;
5. Monitor your bank account from where you make the online transactions regularly.
Prefer using credit cards for online purchases instead of debit cards.¹⁵

¹⁵ <https://amielegal.com/consumer-protection-in-e-commerce-in-india/>