



Consumer Empowerment in India – A Way Ahead

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Abstract: Consumer Empowerment is a multifaceted concept that talks about skills, capabilities, rights, and the ability of the consumer to collect required information for making an informed and prudent choice. It also talks about the capacity of the market to provide legal and realistic protection mechanism to the consumers. In this context if, we look at the draft Consumer Policy 2009, Empowerment of consumers is placed at the heart of an effective consumer regime. However, it does not specify consumer empowerment in terms of consumers' skills, knowledge about products / services and their assertiveness in the market. Therefore, in order to achieve the objective of empowering the consumers in its true sense the author has tried to shed light on how to go about empowering the consumers in India who can contribute towards economic growth of the country.

Keywords: *Consumer, empowerment, informed choice, protection mechanism, economic growth*

Introduction:

Consumer Empowerment is a multifaceted concept that talks about skills, capabilities, rights, and the ability of the consumer to collect required information for making an informed and prudent choice. It also talks about the capacity of the market to provide legal and realistic protection mechanism to the consumers. In this context if, we look at the draft Consumer Policy 2009, Empowerment of consumers is placed at the heart of an effective consumer regime. However, it does not specify consumer empowerment in terms of consumers' skills, knowledge about products / services and their assertiveness in the market.

Therefore, in order to achieve the objective of empowering the consumers in its true sense the concept of Consumer Empowerment should be described on the following three main aspects:

- Consumers' skills: consumers' basic numerical and financial skills as well as their knowledge of logos and symbols;
- Consumers' level of information: consumers' knowledge of their rights (awareness of unfair contractual terms, unfair commercial practices, guarantee rights, distance-purchasing rights, etc.), of prices, of governmental and non-governmental institutions protecting them and

of different sources of information about consumer affairs;

- Consumers' assertiveness: consumers' complaint and reporting behaviour, as well as Consumers' experience with misleading or fraudulent offers.

Objectives of the study:

1. To study the concept of consumer empowerment.
2. To study the measures taken by the various agencies involved in empowering the consumers in India.

Research Methodology:

This paper is an outcome of secondary data collected through books, research papers, journals and internet.

Literature Review:

Consumer empowerment and markets:

Social psychology and marketing literature are the main sources for the definition of consumer empowerment, both referring to the strategic role of consumers, producers and to the role of information as an empowerment source.

The concept of consumer empowerment is also used in the marketing literature (Hunter and Garnefeld, 2008) to indicate both a subjective state/experience related to an increase in abilities (Wathieu et al., 2002) or an objective condition related to greater information or understanding (Brennan and Ritters, 2004; Rust and Olive, 1994). The latter state/condition involves wider choice, easy access to information and consumer education which are the basis of consumer empowerment and consequently leads to greater consumer involvement.

In the Indian context the concept of consumer empowerment has remained an 'abstract' concept, which lacks both a formally agreed definition and an operational specification of parameters that would allow us to measure it.

According to the European Union Consumer Policy Strategy 2007-2013, empowered consumers need *real choices, accurate information, market*



transparency and the confidence that comes from effective consumer protection and solid consumer rights.

Moreover, it is recognized as a major objective of ensuring the effective application of the rules notably through enforcement agencies, cooperation, information, consumer education. Therefore the concept of consumer empowerment seems to build on their knowledge, skills and assertiveness.

In particular the following elements seem to be important for a definition of consumer empowerment:

- Consumers should be aware of their decisions when buying (e.g. terms and conditions, comparing prices, products' labels etc.)
 - Consumers should be able to get information as their right
 - Consumers should have an access to advocacy and redress mechanisms.

In this context, Len *Tiu Wright* while presenting a special issue on consumer empowerment in 2006 suggested that, empowerment and its experience produces changes in consumers, who become less passive consumers in accepting whatever is offered by sellers/suppliers.

According to her, “ Consumer Empowerment is a mental state usually accompanied by a physical action which enables a consumer or a group of consumers to put into effect their own choices through demonstrating their needs, wants and demands in their decision-making with other individuals or organizational bodies in the marketplace”.

Consumers' choices are thus positive instruments to direct and to correct the market, which results in more efficient production, better and cheaper products, social progress, and increased general welfare.

Consumer empowerment is outcome driven. The public authority must be capable of identifying features of the market which obstructs the realization of consumer benefits or cause loss (es) to consumer and put in place the necessary tools to deal with such problems:

Empowered consumers are thus capable of making informed choices, which in turn requires a consumer empowerment regime to put in place the tools for consumers to secure the best possible outcome for themselves

Pillars and sub pillars of Consumer Empowerment:

Pillar	Sub pillars	Indicators
Consumer Skills	Basic Skills	Identify best quality product at optimum Price.
		Find the best interest rate
		Calculate the interest on a loan
	Capacity to identify/ read. Recognize logos	Correct interpretation of “grams of fat”
		Find Expiring date of the product
Awareness of Consumer Legislations	Unfair commercial practices	Identify /recognize logos correctly
		Rules for illegal advertisement
		Rules for gifts received by Post or Courier
	Cooling off period after purchase	Rules for advertising prices
		Rules for money back guarantee
	Guaranteed period	Rules for the purchase of car /general insurance
		Rules for door to door sales
Consumer Engagements	Comparing products	Rules for commercial guarantees
		Comparing products while buying a product
	Reading terms and conditions	Actual behavior in comparing products
		Reading terms and conditions
	Interest in consumer information	Knowledge of consumer organizations
		Knowledge of programmes related to consumer rights
	Tendency to talk	Actual behavior in obtaining information on consumer rights
Tendency to communicate negative experiences		
Losses to consumers and their grievance redressal	Tendency to communicate positive experiences	
	Actual behavior while getting the grievance redressed.	

Source: *The Consumer Empowerment Index- A Measure of Skills, Awareness and Engagement of European Consumers*





The first pillar of consumer empowerment measures *Consumers Skills* by using 6 questions divided into 2 sub-pillars namely *Basic Skills* and *Logos and Labels*. The pillar aims at measuring the ability to perform basic arithmetic operations considered as necessary for consumers to make informed purchase decisions. It includes basic financial skills such as the capacity to identify the best interest rate for a saving or deposit account, or the calculation of a yearly interest on a loan as well as the consumers ability to interpret packaging information (nutritional or “best before” dates). The correct identification and interpretation of various commonly used Indian logos related to consumer information and protection is also included in this pillar.

The pillar *Awareness of consumer legislation* has 7 indicators grouped in 3 sub-pillars namely *unfair practices*, *cooling off period*, and *guaranteed period*. The pillar should aim at describing the actual knowledge of consumers of several pieces of Indian consumer legislation related to unfair commercial practices, length of guarantee rights validity, cooling-off period in distance or doorstep selling.

Consumer engagement is the most heterogeneous pillar as it refers to many different aspects of consumer behaviour. The *Attitude in comparing products* (2 indicators) aims at measuring the effort consumers make in obtaining information on products. Reading specialized consumer magazines, using internet, visit different shops, or just talking with friends and family are some of the available options. This sub-pillar also includes the consumer attention to price differences. The sub-pillar *Consumers habits when reading terms and*

conditions (2 questions combined in one indicator) aims at capturing consumers’ behaviour when signing contracts: do they read carefully and completely terms and conditions? If not, why?

The sub-pillar *Interest in obtaining information on consumer rights* (3 indicators) measures the proactive attitude of consumers when looking for information on their rights or when following specialized TV (radio) programmes. It also includes the knowledge of organizations protecting consumer rights. The sub-pillar *Tendency to talk* (2 indicators) aims at capturing consumer attitude to talk about negative and/or positive experiences.

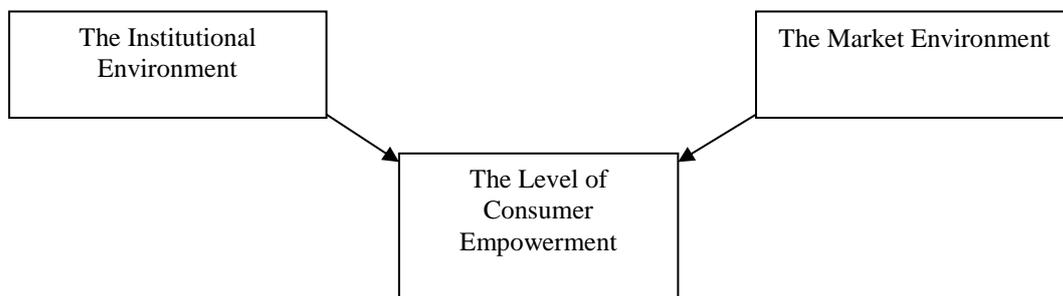
Finally the sub-pillar *Detriment and redress* is related to consumers’ attitude when experiencing a problem causing a legitimate case for complaint. This is the most difficult sub-pillar to construct. Finally 5 questions were combined to describe the actions taken by consumer when experiencing problems.

How to do benchmarking of Consumer Empowerment in India?

Benchmarking of Consumer Empowerment can be dealt with by having two-pronged approach, at the core of consumer empowerment the idea is that consumers have the tools to secure the best outcomes for themselves in an exchange.

In terms of the institutional environment, it implies that conditions are such that consumers are sufficiently confident to participate in market.

This includes a perception that there are realistic redressal mechanisms in place if things go wrong in an exchange of values.



Source: Benchmarking the UK Framework Supporting Consumer Empowerment



Consumer empowerment requires a mix of policy interventions which are sensitive to market context, consumer psychology and behavior, distribution related issues and the outcome which is being pursued.

It is clear that the translation of consumer empowerment into action has two interrelated dimensions. First, the concept implies that consumers are assertive in the realisation of their rights, which in turn depends partly upon the institutional and legal framework underpinning consumer law and policy. Second, if market discipline is to be applied on firms, the concept relies on consumers being confident and active (and reasonably 'accurate' in their decisions).

Therefore, the first aspect of consumer empowerment rely on the laws and institutions which are transparent, accessible and responsive to the needs of consumers, while the second aspect requires of consumers' ability and the willingness to participate effectively in markets. A consumer empowerment regime should aim at improving outcomes for all consumers.

Findings:

1. It is found that, Indian consumers are not acting proactively in the context of stimulating efficiency, transparency and accountability in the marketplace.
2. The efforts of the government agencies and consumer organizations are not adequate in educating consumers in terms of their empowerment.

Conclusion

In a country like India Consumer Policy should emphasize on the importance of a better understanding of how consumers behave and sets as a main objective "to empower Indian consumers". To address these issues Consumer Education should try to empower Indian consumers by focusing on the following areas:

- a) consumers' basic numerical and financial skills,
- b) consumers' level of information on their rights and product /service being offered, and
- c) Consumers' complaint and reporting behavior, as well as consumers' experience with misleading or fraudulent offers.

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