



## Growing consumerism in India –reflections on formulating strategies, consumer’ legislation & role of youth

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**Abstract:** India is fast growing economy with nearly half of the population in the youth bracket. The dreams & aspirations of the youth are fast changing transforming India into a global destination for consumerism. Indian consumers are connecting himself to the global economy faster than ever. India is the 4<sup>th</sup> largest economy in terms of purchasing power parity in the world. Global companies are invading India. Nearly 250million middle class population are towards building a consumer culture in India. Urban population is nearing 37% & might move up due to enormous rural migration. Per capita expenditure for urban India has nearly doubled. Urban India accounts for 42% of the consumer expenditure. Growing urbanization is linked to expansion of consumerism. Spending pattern has changed, Indian middle class has become a status conscious country with each middle class family surging to move upward.

**Key words:** growing consumerism, change in spending patterns, consumer legislations

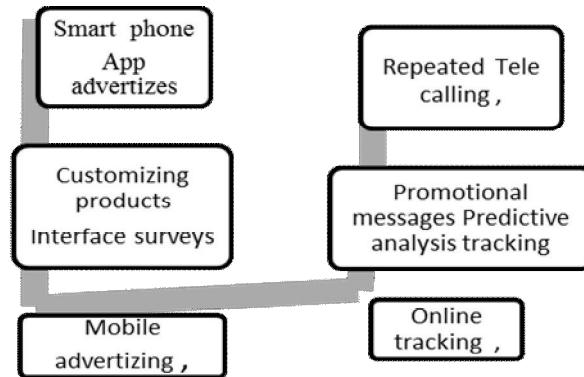
**Introduction** - The structural changes such as service sector led economic growth rapid expansion of urbanization & higher education is leading to massive expansion of middle class. Per capita expenditure for urban India has nearly doubled. Urban India accounts for 42% of the consumer expenditure. Growing urbanization is linked to expansion of consumerism. Spending pattern has changed, Indian middle class has become a status conscious country with each middle class family surging to move upward.

**Factors influencing changes in consumer behavior** – the following factors

have influenced the change in consumer behavior. (Srivasta K K & Sujatha Khandal – Consumer behavior in Indian context 2011).

1. Smart App advertizing,
2. Customizing products,
3. Interface surveys,
4. Mobile advertizing,
5. Online advertizing,
6. Online tracking,
7. Predictive analysis,
8. Promotional messages,
9. Repeated Tele calling,

Through all these mechanisms consumers, especially youth are attracted to buy goods.



The leaping progress made towards the inevitable synthesis of media, entertainment content, and marketing are closely related to consumer behavior . The youth & middle class behavioral

targeting through all these methods has been spreading every day. These are instrumental in changing the consumer behavior . ( Pavleen – Consumer marketing decision 2006).

Table: Growth in wealth creation by the middle class in India has outpaced the global average

Sl .no	year 2015
1	Global middle-class wealth is estimated at \$80.7 trillion,
2	India, middle-class wealth has grown 150%
3	Indian middle class population growth 45.7 %
4	rural –urban migration has grown 42%

Source: Global Wealth Report 2015

Since ancient times Indians has been a philosophical breed with dejection towards material culture. Indian religious texts often warned humans to stay away from materialism .Indian spiritual texts condemned materialism & pursued individuals to invest in spiritual knowledge than in physical material which was nothing but waste. Motivation to consumer culture has been influenced

by several factors classified as socio – cultural, environmental, economic & supportive.

1. Education of the children is the top priority of the growing consumer. Nearly 42% of the family budget is kept aside for children’s educational purpose. Educational needs are expanding by leaps & bounds. The budget of the family is increasingly motivated towards attending



the educational needs of the children. Hence there is a heavy demand for consumers goods like computer s, printers, laptops ,stationeries, health drinks , physical fitness accessories etc.

2. India is a hard working nation ranked 3<sup>rd</sup> globally. The average work week of 50 hours as compared to US 42 hours UK 40 hours is another important factor in adding to consumerism. Here individuals work for longer hours , sometime s exceeding 60 hours per week to fulfill their family ambitions.

3. Indian middle class pursue the ambition of owning a house. Banks offer handsome housing loan options & hence there is bloom in housing activity. Nearly 66% of the Indian middle class people aspire to own a house as their top family priority. Soon after owning a house people start furnishing the house with consumer durables such as fans, kitchen wares, ACs, refrigerators , TVs ,etc. This ambition is an expanding consumer expenditures in to these durables.

4. Personal aspirations to scale up in life as each middle class family want to scale up the ladder in the society with own cars , own house , bigger establishment , furnished apartments, costly life styles , foreign tours , abroad education for children , costly health care etc . This has expanded the consumer spending in India. Car market has seen a greater expansion. 67% of the people invested on family cars as the top priority (Indian consumer Index of 2013)

5. With the broadening of global threads of economic policies, Tour & travel desires are also expanding . The number of students seeking degrees in abroad universities in 2012-2013 is increasing by 67% & number of parents visiting abroad to visit their children are

also increasing by 72% as compared to 2002-2003 . Thus travel is receiving priority in family budgets. this has given base for spending in logistics , travel ware , travel accessories etc. ( Dheeraj sinha – Consumer India - inside the consumer mind & wallet – 2011).

6. A strong desire for upward social stratification is a primary motive behind expansion of consumerism . Each individual is wishing to become rich & affluent in a short span of time. Thus a very strong desire towards material success is every Indian's dream . In order to fulfill these desires he is running behind materialism.

7. Youth are the first to learn about any new electronic gadgets .They show interest in purchasing smart phones I – phones, I pads , MP3s, computer accessories , laptops , etc. The youth want to buy these items through individual / part time earnings . Hence the electronics industry has seen a huge expansion in India .

8. Youth love to ride bikes. AL types of bikes have received by youth with dexterity. there is a flourish in purchase of bike accessories as well. This youth consumer ambition of biking has given rise to expansion of auto mobile industry with 89% of the investments.

**Consumer markets:** Consumerism is expanding because all these factors are leading to buying a variety of consumer goods. Among durable goods, high-tech luxury items are increasingly in demand. The number of Indians who own or use mobile phones, for example, has grown 1,600%—not surprising in a country that is adding more than 3 million subscribers a month. The number of people who own or use computers or laptops is up 100%,



albeit from a very small base. Ownership of music systems and televisions is also on the rise. (Dheeraj sinha –Consumer India - inside the consumer mind & wallet – 2011).

As Indian incomes rise, the shape of the country's income pyramid will also change dramatically. Over 291 million people will move from desperate poverty to a more sustainable life, and India's middle class will swell by more than ten times from its current size of 50 million to 583 million people. By 2025 over 23 million Indians will number among the country's wealthiest citizens . By 2025 the Indian consumer market will largely be an urban story, with 62 percent of consumption in urban areas versus 42 percent today. While much of this new wealth and consumption will be created in urban areas, rural households will benefit, with annual real rural income growth per household accelerating from 2.8 percent over the past two decades to 3.6 percent over the next two. Indian spending patterns will also evolve, with basic necessities such as food and apparel declining in relative importance and categories such as communications and health care growing rapidly. The growing purchasing power and the rising influence of the social media have helped the Indian consumers to splurge on good things. A study done by a leading industry body and Yes Bank has stated that the consumer spending in India is expected to quadruple to US\$ 4.2 trillion by 2017.

1. The country had 111 million smart phone connections in 2014 (June), behind leader China, followed by US and Brazil.

2. India could become the world's largest middle class consumer market with a total consumer spend of nearly US\$ 13 trillion by 2030, as per a report by Deloitte titled 'India matters: Winning in growth markets'.

3. On the back of better incomes and increasing affordability, the consumer durables market is anticipated to expand at a compound annual growth rate (CAGR) of 14.8 per cent to US\$ 12.5 billion in FY15 from US\$ 7.3 billion in FY12.

4. Online retailing, both direct and through marketplaces, will grow threefold to become a Rs 50,000 crore (US\$ 8.06 billion) industry by 2016, as per rating agency Crisil. Also, the growth of internet retail is expected to boost offline retail store ( Dheeraj sinha – Consumer India - inside the consumer mind & wallet – 2011).

Consumer behaviors control the type of marketing strategy that organizations such as small businesses employ, so they conduct studies to determine which strategies are likely to prove most effective. Small businesses need to know the members of their target audience, what they want, where they are located and how they'll react to product promotions. They gather this information via surveys and studying data regarding the past behavior of consumers. Data is obtained from a variety of sources such as marketing databases, sales history and the Internet.

**Sales Forecasts-** Organizations study past consumer behaviors to determine future sales. Sales forecasts estimate the expected sales for a particular market during a specified time period. Sales



forecasts cannot be higher than the market potential and usually fall short of expectations. Different methods exist for forecasting sales, most of which revolve around obtaining information directly from past buyers. Some examples of forecasting methods are quantitative and qualitative. Quantitative forecasts predict the sales of products based on past results and qualitative forecasts predict sales based on expert opinions in the field.

**Research Surveys-** Research surveys are conducted for the purpose of studying consumer behaviors. They help companies learn what consumers want, as well as how they respond to advertising. They also help pinpoint potential problems. Some examples of research surveys are new-product concept tests, product use tests and brand name recognition. Organizations conduct surveys in person, on the phone, through the mail and online. These surveys target specific population groups who share a similar set of characteristics.

**Internet Research-** Companies, including small businesses, use the Internet to conduct much of their research, monitoring the Web-based behavior of consumers. Based on their findings, organizations determine the right prices, attributes and sales promotions for their products. They also reveal the optimal places and market conditions in which to sell. The Internet is a cost-effective tool marketing research tool because it pinpoints target areas and is flexible enough to adapt to the changing demands of consumers.

**Consumer laws in India** -There are several support systems for asserting the rights of consumers in India.

1. **The Consumer Protection Act of 1986** - The Consumer Protection Act of 1986 defines consumer law in India. This legislation helps to protect consumers from any kind of exploitation by availing the means for hearing and considering and finally settling disputes. This Act also stipulates the goods and service providers' responsibilities. In the year 1987, the provisions of this Act became binding legally.

2. **Consumer Courts-** To lessen the time period taken to sort out consumer disputes, the Act permits the creation of quasi-judicial bodies to be formed at district level, state as well as central government levels. There are at present 604 District Forums along with 34 State Commissions, with the National Consumer Disputes Redressal Commission functioning at the final level. India boasts itself to be the only country having specific courts for hearing consumer grievances as per the CUTS Centre for Consumer Action Research and Training.

3. **Marketing-** This Act provides consumers protection against the marketing of services and goods that might be injurious to life or property. It also provides consumers the right to have accurate information about a product or service's quantity, purity, quality, standard and potency. There should be a competitive price at which goods and services should be offered to the consumers.

4. **Defective Goods-** A consumer having possession of a product which is defective can seek recompense from a



jurisdictional Consumer Forum. This forum would need the manufacturer to come over the defect, give a replacement product, and refund the consumer's money or should pay compensation for the defect cause loss or any injury to the consumer. In case the product found is hazardous, then the forum may order the manufacturer for desisting in its manufacture.

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