

## CHAPTER III

### Customer awareness importance

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#### Objectives for Chapter III

Learning this Unit, you will be able to

- Understand the notion of consumer rights,
- Understand the notion of consumer awareness,
- Understand the notion of consumer protection,
- Understand the importance of customer awareness.

#### ABSTRACT

*When the World became flat thanks to globalization, the consumers became a part of processes which in many cases they do not understand, neither are aware of. Economic and technological development boosted the excessive consumption and placed the consumers somewhere in the middle between egoistic satisfying of their needs and the natural environment protection.*

*Especially in these difficult times of crucial global changes, the consumers must be aware of their rights and turn them consciously into the duties towards the future generations. In this chapter the conceptual*

*clarification of rights, awareness and protection will be performed, and the role of consumer rights awareness and protection will be explained.*

Keywords: Rights, Protection, Consumer protection guidelines, Consumer movements.

### 3.1. Conceptual clarification – rights, awareness, protection

#### Basic consumer rights

At the basis of consumer awareness, protection and standards, stay the consumer rights. In 1962, then US President John F Kennedy declared four basic consumer rights – the right to safety; the right to be informed; the right to choose and the right to be heard. This declaration encouraged a global debate over consumer rights and a development of consumer groups reflecting the comprehensive needs of consumers in the marketplace. The guidelines were formulated to (Fair trading, 2018):

- ✓ assist countries to achieve and maintain adequate protection for consumers,
- ✓ encourage ethical conduct in the marketplace,
- ✓ encourage the development of market conditions which provide consumers with greater choice at lower prices.

Two decades later, in the 1980s, four more rights were added by the international coalition of consumer groups: the right to satisfaction of basic needs; the right to redress; the right to consumer education; the right to a healthy environment (Consumers Association of South Australia Inc.).

The right to satisfaction of basic needs - to have access to basic, essential goods and services: adequate food, clothing, shelter, healthcare, education and sanitation (Consumers Association of South Australia Inc.).

The right to a healthy environment - to live and work in an environment which is non-threatening to the well-being of present and future generations (Consumers Association of South Australia Inc.). The right to a clean environment is becoming increasingly significant, as people should be assured a safe and free from pollution environment, moreover they should be able to choose products environmentally safe (Larsen & Lawson, 2013: 105-106).

The right to safety - to be protected against products, production processes and services that are hazardous to health or life (Consumers Association of South Australia Inc.). Consumer safety refers to guarding against product and service

malfunctions that may occur in everyday use, as well as to a product design that can anticipate and guard in case of misuse (Larsen & Lawson, 2013: 105-106).

The right to be heard - to have consumer interests represented in the making and execution of government policy, and in the development of products and services (Consumers Association of South Australia Inc.). Consumers' voice should be taken into account in the marketplace. It means, that the governments and businesses should search, enable and respond to consumer input in the development of policy and practices (Larsen & Lawson, 2013: 105-106).

The right to redress - to receive a fair settlement of just claims, including compensation for misrepresentation, shoddy goods or unsatisfactory services generations (Consumers Association of South Australia Inc.).

The right to be informed - to be given the facts needed to make an informed choice, and to be protected against dishonest or misleading advertising and labelling generations (Consumers Association of South Australia Inc.). Many economists and people in legislative, regulative and judicial circles state that consumers miss the adequate information on which they could base their purchase decisions. The right to be informed is the right to be protected against fraudulent, deceitful or grossly misleading information, advertising, labelling or other practices, and to be given the facts needed to make an informed choice (Larsen & Lawson, 2013: 105-106).

The right to consumer education - to acquire knowledge and skills needed to make informed, confident choices about goods and services, while being aware of basic consumer rights and responsibilities and how to act on them (Consumers Association of South Australia Inc.).

The right to choose - to be able to select from a range of products and services, offered at competitive prices with an assurance of satisfactory quality (Consumers Association of South Australia Inc.). Free choice is in the center of modern economy. Consumers take choice among various alternatives to satisfy their needs in the most effective way. Making a choice involves thus the judgement, which distinguishes choice from "picking" and a deliberate action deriving from an awareness of a need or preference. The right to choose is closely connected with the right to information, as to choose, consumers must know the possible solutions (Larsen & Lawson, 2013: 105-106).

## Reflection Theme 3.1



Identify 3 consumer rights which are the most important for you. Have they ever been threatened? How?

[Use the space below to answer.]

### Consumer awareness

After the consumer rights have been explained, the notion of consumer awareness should be described. Consumer awareness refers to the combination of the following (Sharma, 2013: 84):

- ✓ The knowledge of the product quality - the consumers should know the impact of the product on health, whether the product is free of creating any environmental hazard or not, whether the product can negatively influence the wellbeing of other people etc.
- ✓ The education about the various types of hazards and problems associated with marketing of a product – consumers must select the reliable information about the product, be resistant towards harmful advertising, be able to make conscious decisions by themselves, etc.
- ✓ The knowledge about 'Consumer Rights' – the consumers must know that they have the right to get the right kind of product. Additionally, if the product is found out to be faulty somehow, the consumers should have knowledge of claiming compensation as per the law of the land.
- ✓ The knowledge about consumer's own responsibilities – the consumers should not engage in wasteful and unnecessary consumption.

## Consumer vulnerability

The consumer's vulnerability condition and lack of resources results in need of consumer protection. Vulnerability can be understood according to three dimensions (Silva and Lenhardt, 2011):

- ✓ technical (ignorance of product/service aspects),
- ✓ factual (consumer incapacity to contest the vendor),
- ✓ legal (lack of legal, accounting and economic expertise),

## Consumer protection guidelines

while the lack of resources can be of an economic attribute (financial difficulties) or of a procedural nature (difficulty to produce evidence).

In 2016, the United Nations have underlined the importance of consumer protection and launched the consumer protection guidelines. Member States should develop, strengthen or maintain a strong consumer protection policy, taking into account the guidelines and relevant international agreements. Each Member State is obliged therefore to set its own priorities for the protection of consumers in accordance with the economic, social and environmental circumstances of the country and the needs of its population and bearing in mind the costs and benefits of proposed measures (United Nations, 2016: 7-8).

Table 3.1. The outline of the United Nations consumer protection guidelines

A. National policies for consumer protection	<p>Member States should establish consumer protection policies that encourage:</p> <ul style="list-style-type: none"> <li>• good business practices,</li> <li>• clear and timely information to enable consumers to contact businesses easily, and to enable regulatory and law enforcement authorities to identify and locate them,</li> <li>• clear and timely information regarding the goods or services offered by businesses and the terms and conditions of the relevant transaction,</li> </ul>

	<ul style="list-style-type: none"> <li>• clear, concise and easy to understand contract terms that are not unfair,</li> <li>• a transparent process for the confirmation, cancellation, return and refund transactions,</li> <li>• secure payment mechanisms,</li> <li>• fair, affordable and speedy despite resolution and redress,</li> <li>• consumer privacy and data security,</li> <li>• consumer and business education.</li> </ul>
B. Physical safety	Member States should adopt or encourage the adoption of appropriate measures, including legal systems, safety regulations, national or international standards, voluntary standards and the maintenance of safety records to ensure that products are safe for either intended or normally foreseeable use.
C. Promotion and protection of the economic interests of consumers	Member States should seek to enable consumers to obtain optimum benefit from their economic resources. They should also seek to achieve the goals of satisfactory production and performance standards, adequate distribution methods, fair business practices, informative marketing and effective protection against practices which could adversely affect the economic interests of consumers and the exercise of choice in the marketplace.
D. Standards for the safety and quality of consumer goods and services	Member States should, as appropriate, formulate or promote the elaboration and implementation of standards, voluntary and other, at the national and international levels for the safety and quality of goods and services and give them appropriate publicity. National standards and regulations for product

	safety and quality should be reviewed from time to time in order to ensure that they conform, where possible, to generally accepted international standards.
E. Distribution facilities for essential consumer goods and services	Member States should, where appropriate, consider: (a) Adopting or maintaining policies to ensure the efficient distribution of goods and services to consumers; where appropriate, specific policies should be considered to ensure the distribution of essential goods and services where this distribution is endangered, as could be the case particularly in rural areas. (b) Encouraging the establishment of consumer cooperatives and related trading activities, as well as providing information about them, especially in rural areas.
F. Dispute resolution and redress	Member States should encourage the development of fair, effective, transparent and impartial mechanisms to address consumer complaints through administrative, judicial and alternative dispute resolution, including for cross-border cases. Member States should establish or maintain legal and/or administrative measures to enable consumers or, as appropriate, relevant organizations to obtain redress through formal or informal procedures that are expeditious, fair, transparent, inexpensive and accessible. Such procedures should take particular account of the needs of vulnerable and disadvantaged consumers. Member States should provide consumers with access to remedies that do not impose a cost, delay or undue burden on the economic value at stake and at the same time do not

	impose excessive or undue burdens on society and businesses.
G. Education and information programmes	Member States should develop or encourage the development of general consumer education and information programmes, including information on the environmental impacts of consumer choices and behavior and the possible implications, including benefits and costs, of changes in consumption, bearing in mind the cultural traditions of the people concerned. The aim of such programmes should be to enable people to act as discriminating consumers, capable of making an informed choice of goods and services, and conscious of their rights and responsibilities. In developing such programmes, special attention should be given to the needs of vulnerable and disadvantaged consumers, in both rural and urban areas, including low-income consumers and those with low or non-existent literacy levels. Consumer groups, business and other relevant organizations of civil society should be involved in these educational efforts.
H. Promotion of sustainable consumption	Member States should promote the development and implementation of policies for sustainable consumption and the integration of those policies with other public policies. Policymaking by Member States should be conducted in consultation with business, consumer and environmental organizations and other concerned groups. Business has a responsibility for promoting sustainable consumption through the design, production and distribution of goods and services. Consumer and environmental organizations have a responsibility for promoting public participation and debate on sustainable consumption, for



	informing consumers and for working with Member States and businesses towards sustainable consumption.
I. Electronic commerce	Member States should work towards enhancing consumer confidence in electronic commerce by the continued development of transparent and effective consumer protection policies, ensuring a level of protection that is not less than that afforded in other forms of commerce.
J. Financial services	Member States should establish or encourage, as appropriate: <ul style="list-style-type: none"> <li>(a) Financial consumer protection regulatory and enforcement policies,</li> <li>(b) Oversight bodies with the necessary authority and resources to carry out their mission,</li> <li>(c) Appropriate controls and insurance mechanisms to protect consumer assets, including deposits,</li> <li>(d) Improved financial education strategies that promote financial literacy,</li> <li>(e) Fair treatment and proper disclosure, ensuring that financial institutions are also responsible and accountable for the actions of their authorized agents. Financial services providers should have a written policy on conflict of interest to help detect potential conflicts of interest.</li> <li>(f) Responsible business conduct by financial services providers and authorized agents, including responsible lending and the sale of products that are suitable to the consumer's needs and means,</li> <li>(g) Appropriate controls to protect consumer financial data, including from fraud and abuse,</li> <li>h) a regulatory framework that promotes cost efficiency and transparency for remittances, such that consumers are provided with clear information on the</li> </ul>

	price and delivery of the funds to be transferred, exchange rates, all fees and any other costs associated with the money transfers offered, as well as remedies if transfers fail.
K. Measures relating to specific areas	In advancing consumer interests, particularly in developing countries, Member States should, where appropriate, give priority to areas of essential concern for the health of the consumer, such as food, water, pharmaceuticals, energy and public utilities, and also address the specificities of tourism.

Source: Own elaboration on the basis of: United Nations, 2016: 10-22.

## Reflection Theme 3.1



Are there any consumer protection guidelines in your country?  
How do they differ from those introduced by the United Nations?  
[Use the space below to answer.]

## Test 3.1



Provide a synthetic example of consumer with high level of awareness.

[Use the space below to answer.]

## 3.2. Consumer awareness need

In era of unlimited variety of products and services, the consumers must be especially aware of their rights. It is difficult to find out who is a genuine producer or seller, moreover it is practically not possible for consumers to personally come in contact with a producer or seller. Moreover, thanks to technological development, consumers often order needed products online, what makes the distance even further (Sharma, 2013: 84-85).

### Privacy

Consumers are becoming increasingly concerned about the degree to which retailers, manufacturers, marketers and Web sites are monitoring their every action. The increased use of scanner data has allowed for more and more marketing and promotional efforts based on databases of consumer purchase information (Graeff & Harmon, 2002: 302-304). Consumers must be aware of their right to privacy, they should know which information to publish online, which can be used by external

## Misleading information

organization in a negative way, and how to protect their personal data.

It has become very difficult to recognize which product is genuine. Consumers believe that all information provided in advertisements is reliable, however it is not true in every case. Much information is deliberately hidden in certain advertisements to mislead the consumers (Sharma, 2013: 84-85). A misleading advertisement can be observed in Africa, in case of skin bleaching creams. The celebrities are promoting the bleaching creams and even they are not aware of carcinogenic substances, which are not revealed on labels.

## Lack of unity

Another major issue is that the consumers are not united. Producers have become stronger and organized because there are various organizations to protect their interest. The consumers are still weak and unorganized, and as a result, often duped and deceived (Sharma, 2013: 84-85).

Because of the above arguments it is very important for consumers to protect themselves from the unfair trade practices of the traders and service providers. They need to be aware of their rights as consumers and use them properly. It should be noted that consumer awareness is not just only about consumers' rights but also about consumer obligations towards sustainable consumption (Sharma, 2013: 84-85).

## Reflection Theme 3.2



Identify 4 additional reasons to be aware as consumer  
[Use the space below to answer.]

## Test 3.2



Provide a synthetic example of situation when consumers' rights can be breached on web.

[Use the space below to answer.]

## 3.3. Consumer movements

Educational campaigns, Internet revolution and free flow of goods, people, capital and information resulted in consumers becoming more aware of their rights, but also are more educated about ethical, ecological or healthier consumption. The information about consumer rights and ways to protect them were never as easy to find, as they are now. As a result, consumers became more empowered while being in relations with other parties on the market (Harrison, 2003: 127).

### Consumer movements

Consumer movements might be understood as organized collective consumer actions which aim at greater good, e.g. consumer movements might be organized in pursuit of equality in relationship between both selling and buying entities (Mayer, 2007).

In literature, terms "consumer movement" and "consumerism" are very often used as substitutes e.g. Foxall (1978). Such situation might lead to misunderstandings, as in some other

## The origin of consumer movements

literature positions, the “consumerism” is understood as an excessive interest in buying goods and leading consumption lifestyle.

For a terminological clearance, consumer movements are social movements which aim at transforming consumption or marketing related order of environment. (Larsen, Lawson, 2019: 98) It is a collective consumer action which has the power to change the marketspace. Other definition underlined that it is a persistent effort of organized group of consumers who transfer elements of consumer culture (Weijo et.al, 2018: 251-274).

While analyzing the history, consumer movements were mostly researched in connection to USA market. However, it does not regard this market solely. Contemporarily, many consumer movements are international due to technological development. Consumer movements are very often expressed in boycotting, protests or alternative lifestyles, which can spread almost without any barriers across countries.

The major boost for consumer movements was the development of consumer rights. The roots for contemporary understanding of consumer movements was the development of Consumer Association of Canada after World War II. Since that moment, the dramatic increase in amount of consumer organizations across countries could be observed. Therefore, the awareness among consumers grew rapidly. Firstly, consumer movements scope considered mainly goods and services purchasing transactions, however together with its developments it goes further beyond that including i.e. quality of production, impact of companies and marketing on values, social and environmental cost of production or consumption etc. Contemporary consumer movements differ from those from the past. The causes of these movements are far more complex in terms of scope, than before. Therefore, nowadays consumer movements are more intense and widespread.

## The success of consumer movements

The success of social movements such as consumer activism appears when the goals are achieved. In the case of consumer movements, it means that consumers are protected against a variety of marketplace misbehavior like threats to health, well-being, sustainability, equality, justice. On one hand, consumer rights development triggers consumer movements to develop as well. On the other hand, consumer rights throughout years have been developed due to the issues raised by individuals and consumer groups (Larsen, Lawson, 2019:108-109).

## Test 3.3



Provide a synthetic example of consumer movements.

[Use the space below to answer.]

## Answers and Comments to Tests

### Test 1.1

A correct answer about consumer awareness should take into consideration the following:

- ✓ The knowledge of the product quality
- ✓ The education about the various types of hazards and problems associated with marketing of a product
- ✓ The knowledge about 'Consumer Rights'
- ✓ The knowledge about consumer's own responsibilities

#### Example

High level of consumer awareness can be recognized by eg. Being aware of own responsibilities towards the company and other consumers, but also the rights. Reading the specimen about the product carefully and some reviews of it.

### Test 1.2

A correct answer should take into consideration the following:

- ✓ Privacy issue,
- ✓ Misleading information;
- ✓ Lack of unity

example: While surfing through the Internet and some companies asked about all personal data and then sells it without permission.

### Test 1.3

A correct answer should take into consideration the following:

- ✓ Consumer movement is a collective consumer action which has the power to change the marketplace;
- ✓ example: Boycotting of eg. Furs might be considered as consumer movement.



## Chapter I Assessment



Mention few changes in current consumer movements and select one issue, where according to you the consumer movements should start their actions.

Write an essay of maximum 300 words and describe why and how the consumer movement could force positive changes on this field.

[Use the space below to answer.]

## CONCLUSION

Nowadays, there is a strong foundation for consumers to be protected and safe on the market. There is multiple amount of organizations which educate consumers, but also fight for their rights protection. What is more, consumer easily organize themselves and act in order to ensure that the marketplace is not overused by any party and the environment is consumer-friendly. Despite that, consumer rights are still very often violated. The reason of that is a low consumer awareness of their rights and the fact that they shall be protected. This need seems more important than ever, as the marketspace conditions become more and more complex with every year.

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