1. Discuss various dimensions of Consumer Environment.

Ans: Dimensions of Consumer Environment are -

1 Economic Environment

Consumers’ buying decisions are the outcome of economic influence which comprises income, price, technology, economy of purchase, dependability, quality and operational effectiveness of the product. These factors significantly affect the consumers’ decision making process. The more important among the factors are the following:

a) Income
Income is a primary economic influence determining the consumption expenditure of individuals. The personal disposable income is the amount of money people are left with after paying the taxes. Although money income per capita has grown steadily in most economies, real income levels have not increased substantially due to a fall in the purchasing power of money. Consumers, on the basis of income, are grouped as upper-class, middle class, working class and the low income groups. In India, there exist considerable disparities in the income and wealth distribution. Increases in income influence the buying habits of the consumer. To quote Engle’s law, "As family income rises the percentage spent on food declines and the percentage on other categories (clothing, recreation, health, education) and savings increases."

b) Savings and Debt
Consumer expenditures are also affected by savings and debt patterns. In India, people hold savings in the form of bank saving accounts, bonds, shares, real estate, jewellery and other assets. These savings are a major source of financing purchases. Consumers can increase their purchasing power also through borrowing. The availability of consumer credit due to the development of banking and financial institutions has been a major contributor to the growth of the Indian market. It has enabled people to buy more than their current income or salaries allow, thus creating more jobs and still more income and more demand.

c) Product Considerations

A product can be defined as anything that can be offered to a group of consumers for attention, acquisition, use or consumption that might satisfy a need or a want. It includes physical objects, services, persons, places, organisations and ideas.

d) Price Considerations

Insistent of the increased role of non-price factors in influencing consumer behaviour, price remains an important factor. The consumer decides whether the price is right for the product a company is selling. The consumer, before purchasing, weighs the price against the perceived values of using the product. Consumers differ in the values they assign to different product features and marketers often vary their pricing strategies for different consumer segments.

e) Influence of Technology

The most dramatic force shaping people’s consumption is perhaps technology. Technology has released wonders such as penicillin, open heart surgery and the birth control pill. It has released forces of change in production processes and nature of products. It has revolutionised the world of media entertainment and communication.

2 Social Environment

The social class comprises a large group of people who possess something common in values, interests, life-styles and behaviour. The social classes are formed when people feel empathy with others sharing similar values and economic circumstances. The variables like status, wealth and power are commonly used to stratify the society socially. The social classes are by no means entirely homogenous and each class blends into its adjacent classes.

The social group differs from a social class in the sense that the group is narrower and restricted in memberships. Thus a class in any compromise of several groups. The groups that affect a consumer’s behaviour are discussed below.

Reference Group

Is a relatively small social group to which a consumer belongs or aspires to belong and that acts as a guide to acceptable beliefs, values, attitudes and behaviour. Membership of such groups consist of small but intimate members who frequently meet and interact with each other. Suitable examples of such are friends, peer groups, family, work associates, professional associations and so on. Membership groups play a significant role in the transmission of beliefs. Among membership groups, the family is considered the most powerful influential group because of its unique role in early childhood socialisation. Aspirational groups are groups of which an individual makes maximum effort to procure membership. Sports heroes and movie stars are examples of aspirational groups.

Dissociative groups are groups which an individual avoids relating to. Such groups equally contribute to the shaping the behaviour of consumers, because individuals avoid the actions or consumption behaviour that characterise the dissociative or avoidance, groups.

Face-to-face groups are groups of people small enough for the individual to communicate with. Such groups have a direct influence on an individual’s ideas, tastes, values and behaviour. An individual is influenced by a reference group in the following manner:

a) These groups expose the persons to possible new behaviours and life-styles.

b) They also influence the individual attitudes and self concept because the person normally desires to fit in.

c) They create pressure for conformity that may affect the choice of actual product and brand name.

3. Cultural Environment

Consumption habits, which are part of the behaviour pattern of individuals are deeply affected by the prevailing culture of the society to which people belong. Also society develops distinctive cultures which reflect the many facets of human behaviour that have been learned and accepted by groups of people so that these form part of their traditional way of life, their life-style.

2. Discuss in detail the Consumer Movement in Europe.

Ans: Though Consumer Co-operatives had great success in Europe. this did not result in formation of consumer organisations. Basically, industrialization did not lead to the same degree of affluence in Europe as in the United States.

Consumer movement in Europe was fostered by the ‘Consumers’ L’nion’. More specifically, by the constant efforts of Colston Worne. As early as 1939, he started to make enquiries about groups and individuals that he might try to interest. In London he