

**OPAQUE SOCIETY FOR CONSUMERS IN THE EPOCH OF  
TECHNOLOGY:  
A STUDY TO REVIEW  
THE PERCEPTION OF CONSUMERISM AND CONSUMER  
MOVEMENT WITH REFERENCE TO ONLINE SHOPPING**

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**THE NOTION OF CONSUMERISM: AN PROLOGUE**

*'Be glad that you're greedy; the national economy would collapse if you weren't.'*  
*Mignon McLaughlin.*

When several Chicago, U.S.A, people died after taking Tylenol capsules laced with cyanide, the shock was felt by Johnson & Johnson, makers of Tylenol, and by all other pharmaceutical firms as well. Next it was the turn of the entire US food industry to worry; if could happened with capsules, who's to say someone would not poison food products also? Since, then the Tylenol incident, safety seals around food products have become an increasingly common sight.<sup>1</sup> Moreover, as a response to the first Tylenol poisoning, US federal law now protects consumers. Tampering with food, drugs or cosmetic carries maximum of \$250,000 fine, with a five year prison term just for the hoax.<sup>2</sup> This is just one dimension of the types of problems encountered by consumers in today's society. Although the nature of the problems varies, the fundamental issues are the same: consumer dissatisfaction and the need for the protection regarding some aspect of their position as consumers. Consumerism is thus, one of the most popular socio-legal issues and is becoming increasingly publicized as time passes. The scope of the movement is so extensive that it draws attention from variety of disciplines.

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<sup>1</sup> David L. Loudon & Albert J.D. Bitta, Consumer Behavior: Concepts and Applications, Tata McGraw Hill Publishing Company Limited, New Delhi, 2002, p.625.

<sup>2</sup> Felix Kessler, "Tremors from the Tylenol Scare Hit Food Companies," Fortune, March 31, 1986, pp. 59, 62.

The word 'consumerism' has many connotations, depending on who is using the term. Business, government, consumer groups, and academic researchers have each developed their own definition of the term. These definitions span the gamut from challenging society's goals from material goods to reflecting people's desire for better values. One succinct definition is that:

*'Consumerism is a social movement of citizens and government to enhance the rights and powers of buyers in relation to sellers.'*<sup>3</sup>

This broader definition reflects the many facets of the concept. Many organizations-business, government, consumer groups, and non-profit groups are concerned with ensuring consumers fair treatment in the exchange process. A book by Vance Packard entitled 'The Hidden Persuades', published in the late 1950s, charged that consumers were being manipulated by advertising. The real impetus for the current consumerism movement came from President John F. Kennedy's speech to Congress in which he identified what has been referred to as the consumer's bill of rights. In 1962, Kennedy presented in a message to Congress four fundamental rights.<sup>4</sup> However, the consumer's right to clean environment and right to privacy are some of the other merging rights of the consumers. The consumer movement hence, developed gradually from USA to other parts of the world, including India.

### **DEVELOPMENT OF CONSUMER MOVEMENT: AN INTERNATIONAL AND NATIONAL PERSPECTIVE**

In the literature on social movements, the organized consumer movement has not so much been overlooked. It has been excluded from an analysis which had sought to highlight specifically new forms of political engagement associated with the post second world war period. Consumerism, that is the organized attempts to fight for better value for money for individual shoppers in the marketplace, has clearly lacked the more obvious radical undercurrents for environmentalism, feminism or the peace movement. However, international magazines on consumerism such as *Test*, *Que Choisir*, and *Consumer Reports* etc., have been usually

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<sup>3</sup> Philip Kotler, Marketing Management, Prentice Hall, Englewood Cliffs, NJ, 1984, p.85.

<sup>4</sup> **Four Fundamental Rights:** 1.The Right to Safety; 2. The Right to be Informed; 3. The Right to Choose; 4. The Right to be Heard. Message from the President of the United States Relative to Consumer's Protection and the Interest Program, Document No. 364, House of Representatives, 87<sup>th</sup> Congress, 2<sup>nd</sup> Session, March 15, 1962. As in David L. Loudon & Albert J.D. Bitta, Consumer Behavior: Concepts and Applications, Tata McGraw Hill Publishing Company Limited, New Delhi, 2002, p.629.

associated with the urban professional middle classes, and guides to their consuming lives. Yet many of the organizations behind them have been involved in a range of political issues which suggest important parallels and similarities to other social movements. Furthermore, the magazines themselves have attracted literally millions of subscribers from all over the world and while such figures are not directly equivalent to the committed donations of members of environment and human rights organizations, a sizeable minority of consumers have regarded themselves as part of a social movement helping to make the market safer, fairer and more than just a place for everybody.<sup>5</sup> The proceeding part of the paper will discuss the growth of the modern consumer movement in an international comparative perspective.

The modern comparative testing form of consumer expertise began in *United States*. In 1927, a civil servant for the Labor Bureau, Stuart Chase, and an Engineer, F. J. Schlink, published *Your Money's Worth*, a critique of the exploitation of the consumer in the market place. It rode the wave of a developing consumer consciousness in 1930s in America which saw the establishment of a consumer infrastructure within the New Deal Bodies and the flourishing of several other consumer organizations.<sup>6</sup> The focus on the testing of goods and services was clearly an inspiration to European shoppers. In the 1950s, a number of consumer testing organizations began to emerge. In *France*, in 1951, the Union Federal des Consommateurs (UFC) was formed and began publishing its testing magazine, *Que Choisir*, in December 1961. Organized consumerism in France has resembled something of a social movement. By 1978, 3% of the adult French population identified themselves as members of a consumer organization, while 27% claimed to be willing to join one. Furthermore, in 1976, 800 'clubs de consommateurs' around the country were affiliated to the Associations populaires families, inspired and

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<sup>5</sup> Matthew Hilton, 'Globalizing Consumers: The History of Consumerism as a Socio-Political Movement.' For more information visit, < [http://www.politik-konsum.de/pdf/fnsb\\_hilton.pdf](http://www.politik-konsum.de/pdf/fnsb_hilton.pdf)>, (20<sup>th</sup> February, 2010).

<sup>6</sup> S. Chase & F. J. Schlink, *Your Moneys Worth: A Study in the Waste of the Consumers Dollar*, Macmillan, New York, 1927; L. Cohen, *A Consumers Republic: The Politics of Mass Consumption in Postwar America*, Alfred A. Knopf, New York, 2003; M. Jacobs, *Pocketbook Politics: Economic Citizenship in Twentieth-Century America*, Princeton University Press, Princeton, 2005; G. Cross, *An All-Consuming Century: Why Commercialism Won in Modern America*, Columbia University Press, New York, 2000; Kathleen G. Donohue, *Freedom from Want: American Liberalism and the Idea of the Consumer*, John Hopkins University Press, Baltimore, 2003; Matthew Hilton, 'Globalizing Consumers: The History of Consumerism as a Socio-Political Movement.' For more information visit, < [http://www.politik-konsum.de/pdf/fnsb\\_hilton.pdf](http://www.politik-konsum.de/pdf/fnsb_hilton.pdf)>, (20<sup>th</sup> February, 2010).

motivated by such campaigns as the 2-6-9 boycott which urged protesting consumers to stop buying meat for three days, fruit for six, and mineral water for nine.<sup>7</sup>

In the *Netherlands*, *Consumentenbond* was formed in 1953, joining other rural, family, and women's bodies, which has increasingly turned their attention to consumer affairs in the period of economic growth. *Consumentenbond* has, however, remained the pre-eminent consumer organization, its 650,000 members to its testing magazine in the late 1990s representing the highest market penetration rate of any consumer publication in the world, reaching out of every nine Dutch families.<sup>8</sup> Similarly, in *Belgium*, the *Association des Consommateurs* was formed in 1957 as a private organization of individual shoppers keen to imitate the success of Consumer Reports. In 1993, it had 325,000 member subscribers and had played a leading role internationally in promoting consumer organising. At home, while it has always been the most prominent consumer organization, it has also worked alongside a wider network, spearheaded by the women's co-operative and labour movement which came together to form, in 1959, the *Union Feminine pour l'Information et la Defense des Consommateurs*, although this ended in 1984 when the authorities withdrew their financial support.<sup>9</sup> In financial terms at least, though, the most successful imitator of the American product testing model has been the *United Kingdom's* Consumer's Association (CA). Formed in 1956 by a group of professionals, associated with the centre-left traditions of the British Labour Party, CA first began publishing *Which?* in 1957. Its success was immediate and membership peaked in 1987 when the subscriptions reached to one million. Although it is a purely private organization, it has maintained a close relationship with the state and its staff and ideas have heavily influenced such government initiatives as the Consumer Council in the 1960s, the Office of Fair Trading from 1973 and the National Consumer Council from 1975. Furthermore, it also gave rise to something of a social movement. In the 1960s it encouraged the establishment of local consumer groups around the country. Although Britain never witnessed the same degree of grassroots consumer

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<sup>7</sup> G. Trumbull, 'Strategies of Consumer Group Mobilization: France and Germany in the 1970s,' in M. Daunt & M. Hilton (eds.), *The Politics of Consumption: Material Culture and Citizenship in Europe and America*, Berg Press, Oxford, pp. 279-283.

<sup>8</sup> Consumers International, *Balancing the Scales, Part 2: Consumer Protection in the Netherlands and Germany*, Consumers International, London, 1995; Joop Koopman, 'Dutch consumer movement', in S. Brobeck, R. N. Mayer & R. O. Herrmann (eds.), *Encyclopedia of the Consumer Movement*, ABC-CLIO, Santa Barbara, 1997, pp. 227-232.

<sup>9</sup> T. Bourgoignie & A-C. Lacoste, 'Belgian consumer movement', in Brubeck *et al.*, *Encyclopedia*, pp. 61-64.

mobilization as in France, by March 1963 there were 50 consumer groups in existence with a total of 5,000 members. They had all come together under the National Federation of Consumer Groups (NFCG) and, in 1967; the movement peaked with the existence of 100 groups and a total membership of 18,000 consumers.<sup>10</sup>

In *Japan*, the main organizations which have become the dominant spokes-bodies for consumers in an age of affluence all emerged in the period of shortages, rationing and controls associated with the Allied occupation in the late 1940s and early 1950s. Women especially protested against the restrictions of a recovering marketplace, leading to the establishment of organizations such as the Japanese Federation of Housewives' Associations (Shufuren) in 1948 which, by the 1990s, consisted of 400 local affiliates from all around the country. In Japan, the collective responsibilities of consumers have been just as relevant as their individual rights and this has meant consumer organizations have recognized the importance of protecting fledging Japanese industries and agriculture.<sup>11</sup> In *Germany*, organizations of consumers emerged as elsewhere in the post-second world war period, and the *Arbeitsgemeinschaft der Verbraucherbande* (AgV, Alliance of Consumer Associations) was established as early as 1953 which has subsequently gone on to co-ordinate different groups' activities, engage in consumer education and provide information to support its role as an advocacy organization. However, it has not sought to become a mass movement, preferring instead to use its technical expertise to become an equal partner in the development of products and services.<sup>12</sup> Unlike France, due to the absence of a strong, independent consumer movement in Germany it did not enjoy the same freedom of action or ability to set their own agendas.

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<sup>10</sup> L. Black, 'Which? craft in post-war Britain: the Consumers' Association and the politics of affluence, *Albion*, 36:1, 2004, pp. 52-82; G. Smith, *The Consumer Interest*, Gollancz, London 1982; M. Hilton, 'The polyester-flannelled philanthropists: the Birmingham Consumers Group and affluent Britain' in L. Black & H. Pemberton (eds.), *An Affluent Society? Britain's Post-War Golden Age Revisited*, Ashgate, Aldershot, 2004, pp. 149-165; M. Hilton, *Consumerism in Twentieth-Century Britain: The Search for a Historical Movement* Cambridge University Press, Cambridge 2003.

<sup>11</sup> D. Vogel, 'Consumer protection and protectionism in Japan', *Journal of Japanese Studies*, 18:1, 1992, pp. 119-154; P. L. Maclachlan, *Consumer Politics in Postwar Japan: The Institutional Boundaries of Citizen Activism* Columbia University Press, New York, 2002; M. Imai, 'Japanese consumer movement', in Brubeck *et al.*, *Encyclopedia*, pp. 341-342.

<sup>12</sup> Matthew Hilton, 'Globalizing Consumers: The History of Consumerism as a Socio-Political Movement.' For more information visit, < [http://www.politik-konsum.de/pdf/fnsb\\_hilton.pdf](http://www.politik-konsum.de/pdf/fnsb_hilton.pdf)>, (20<sup>th</sup> February, 2010). Trumbull, Contested Consumer; Consumers International, *Balancing the Scales, Part 2*; E. Kuhlmann, 'German consumer movement', in Brubeck *et al.*, *Encyclopedia*, pp. 289-293.

Though there were varying degrees at the national levels, however, there was an emergence of organized consumerism or a social movement worldwide. In 1960, the First International Conference on Consumer Testing was held to discuss opportunities for future collaboration efforts between the principle national consumer organizations of Western Europe and North America. Significantly, this led to the future establishment of the International Organization of Consumer's Unions (IOCU), consisting of the four comparative testing organizations from France, Belgium, the Netherlands and the UK that had been largely founded on the American model, as well as US Consumers' Union. The original aims of the new body were simply to extend and assist comparative testing consumerism, yet it soon extended beyond this model.<sup>13</sup> By 1990, however, the IOCU had extended well beyond the affluent West. The Council now consisted of representatives of most Western European states, but also of consumer organizations in Argentina, Hong Kong, India, Indonesia, Japan, Mexico, Poland and South Korea. Today, the IOCU is called Consumers International, and in November of 2003 it held its 17<sup>th</sup> World Congress in Lisbon, Portugal. Its headquarters are in London, but there are thriving regional offices in Africa, Asia and Latin America.<sup>14</sup>

**India** has an ancient history of consumer protection. It was part of ancient culture and formed the core of its administration. But the introduction of boundless commercialization of activities eclipsed the old rich heritage. Kautilya's 'Arthashastra' was the basic law of consumers. Sale of commodities was organised in such a way that general public was not put to any trouble. If high profits put general public in trouble, then that trade activity was stopped immediately. As in Europe, in India also the origin of the consumer movement was in form of consumer co-operatives. These co-operatives are sometimes mentioned as the starting point of consumer movement. While the first co-operatives in UK and USA came up in 1844, in India there was not much development till 1962. The first such store in India came up in Madras in 1904. However, the proper appearance in India could be seen only in 1918, increasingly their number to 323 in 1928-29. However, their number reduced after 1936 as they were still not organizations of consumers on felt needs. Consumer movement in the present form came into being in 1960s in

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<sup>13</sup> F. G. Sim, *IOCU on Record: A Documentary History of the International Organisation of Consumers Unions, 1960-1990*, Consumers Union, New York, 1991, p. 27.

<sup>14</sup> IOCU, *Consumer Power in the Nineties: Proceedings of the Thirteenth IOCU World Congress*, IOCU, London, 1991, p. 113. Consumers International, *Annual Report, 1999*, Consumers International, London 1999, p. 37-41.

India. There were five basic objectives of the movement. The basic reasons for the development of this movement in India are different from those in the West. The reasons are:

- Shortage of consumer products, and the inflation of early 1970s.
- Adulteration and the Black Market.
- Lack of product choices due to lack of development of technology.
- Thrust of consumer movement has been on availability, purity, and prices.

Apart from this, consumer movement was encouraged by some organizations as well. The first known collective body of consumers in India was setup in 1915 with the 'Passengers and Traffic Relief Association' (PATRA) in Bombay. The India Association of Consumers (IAC) was set up in 1956. However, they did not make any impact. The first organization to really make an impact was the Consumer Guidance Society of India (CGSI), Bombay started by nine housewives in 1966. The 1980s saw the dawn of a new era of consumer movement in India, with mushroom growth of consumer organizations. The nineties saw the fulfilment of efforts towards a unified approach. Nine states in the country held federations, with Confederation of Indian Consumer Organization (CICO), New Delhi at the apex level. Apart from this Consumer Coordination Council (CCC), New Delhi was also formed in 1992.<sup>15</sup>

An owner of a huge departmental store in USA is reported to have said, 'God created masses of mankind to be exploited. I exploit them. I do His Will.' Though it may not be the approach of every businessman, it is by and large true, that proves the need for consumer protection. Gandhi told the businessman, 'a consumer is not dependent on us. We are dependent on him. 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 us a favour by giving us an opportunity to do so.' Unfortunately, this is not also the philosophy of all traders worldwide including in India. Hence, consumer movements started all over the world, including India.<sup>16</sup>

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<sup>15</sup>For more information visit, <<http://global-4-lvs-colossus.opera-mini.net/hs49-12/13899/0/-1/www.egyankosh.ac.in/Unit6.pdf>>, (23<sup>rd</sup> April 24, 2012).

<sup>16</sup> *ibid.*

## **ONLINE SHOPPING: THE NEW FACE OF CONSUMER BEHAVIOUR**

The term consumer behaviour is defined as the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. Consumer behaviour focuses on how individuals make decisions to spend their available resources, this includes what they buy, why they buy it, when they buy it, how often they buy it, how often they use it, how they evaluate it after they purchase it, the impact of such evaluation on future purchases, and how they dispose it of.<sup>17</sup> Clearly, as individuals, we are all unique. One of the most important constants among all of us, despite our differences, is that, above all, we are consumers. We use or consume on a regular basis food, clothing, shelter, transportation, education, equipment, services and even ideas. As consumers we play a vital role in the health of the economy- local, national, and international. The purchase decisions we make affect the demand for basic raw materials, for transportation, for production, for banking; they affect the employment of the workers and the deployment of resources, the success of some industries and the failure of others. In order to succeed in any business, and especially in today's dynamic and rapidly evolving marketplace, marketers need to know everything they can about consumers- what they want, what they think, how they work, how they spend their leisure time. They need to understand the personal and group influences that affect consumer decisions and how these decisions are made. In these days ever widening media choices, they need to not only identify their target audiences, but they need to know where and how to reach them.<sup>18</sup>

Consumer behaviour has changed dramatically in the past decade. Today, consumers can order online many products ranging from sneakers to computers. Internet has changed the way consumers shop for goods and services. It has rapidly evolved into a global phenomenon. The internet has become the most important infrastructure of this world. There is no such period in the history of mankind and no such innovation that has produced such incredible and significant changes in the world's economy. The internet is an ideal delivery vehicle for providing a

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<sup>17</sup> Davis Hounshell, *From American System to Mass Production 1800-1932*, John Hopkins University Press, Baltimore/London, 1984, p.224.

<sup>18</sup> L.G. Schiffman, L.L. Kanuk, *Consumer Behaviour*, Prentice Hall, Pearson, 2009, pp. 23-24.

plethora of information.<sup>19</sup> Business through internet or e-commerce is new gateway of technological success of the Indian business scenario in the era of information explosion. It has revolutionary's business activities globally through the use of information and digital technology in the new millennium.<sup>20</sup>

Digital technology provides effective communication platform to communicate to the consumers directly or through on-line market. It means conducting business through internet technology.

E-commerce<sup>21</sup> means application of electronics in commerce. 'e' is a question of technical capability and commerce is the way that capability is applicable.<sup>22</sup> No doubt shopping through internet is a different experience. The buyer enjoys certain advantages through online shopping such as, wide variety of products, availability of used or second hand products, easy buying procedures, lower prices, various modes of payment etc. However, there are certain critical areas of online shopping as well. Certain disadvantages which discourage the consumer to opt this kind of shopping method are discussed below.

### **Critical Areas of Online Shopping:**

*Consumer's Right to Privacy:* The consumer's right to privacy includes consumer information collected, merged, and exchanged through computer and other communication technologies. This has become the main resource that business and government use to facilitate the millions of daily transactions engaged in by consumers. The purposes for consumer information may include such things as approving or denying credit, issuing credit cards, writing insurance policies, selecting people for direct mail solicitation, preventing fraud, determining eligibility for government aid, investigating and other law enforcement purposes, online

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<sup>19</sup> Nistha Jaswal, Amita Verma, Rajinder Kaur, "Cyber Crime: The New Species of Crime," *Nayaya Deep*, Vol. X, Issue 3, July 2009, p. 56.

<sup>20</sup> Gagandeep Kaur Malhotra, "Human Rights of E-Consumers in Cyber Laws: An Ignored Phenomenon," *Human Rights in the Present Socio-Economic Political Scenario: Reflection 2012*, Vintech Publications, Jalandhar, 2012, pp. 221-226.

<sup>21</sup> **European Union Definition:** "Electronic Commerce is a general concept covering any form of business transactions/information exchange executed using information and communication technology, between companies and public administrations. Electronic Commerce include electronic trading of goods, services and electronic material." For more information, David Whiteley, McGraw-Hill, e-commerce: Strategy, Technologies, and Applications, <<http://www.doc.mmu.ac.uk/STAFF/D.Whiteley/ecbook/cho1e.html>>, (19<sup>th</sup> April, 2012).

<sup>22</sup> Mark Norris, Steve West, e-Business Essentials, John Wilsay & Sons Ltd., Chichester, 2001, pp. 2-3.

shopping, and many other activities. To obtain the benefits of technology, without losing privacy rights, US in early 1970s formulated six basic computer age privacy rules.<sup>23</sup> A US judge, Judge Colley defined privacy as ‘the right to be let alone.’<sup>24</sup> It is a pre-requisite for the encouragement of consumers to engage themselves in e-commerce. When we engage into an electronic transaction we have to leave our personal information and thus they are stored in databases. In that way commercial entities can process them and they can draw conclusions about the consumer’s habits, financial situation and about the consumers’ personality in general.<sup>25</sup> Solove states that, ‘Internet is rapidly becoming the hub of the personal information market.’ Indeed, a database of personal and sensitive information helps commercial entities to know about consumers preferences or sexual orientation and that ‘authorizes’ them to send to consumers emails and pop-up and private bureaucracy and the enforcement of prior consent.<sup>26</sup>

The problem of the infringement of consumer’s right to privacy<sup>27</sup> becomes bigger when business holding personal information may disclose it to third parties either deliberately or accidentally. Moreover, the information sharing between companies or agencies can cause many problems for instance health insurers might learn that the insured is checking out AIDS sites.<sup>28</sup> Privacy is invaded by reviling one’s hidden world, by surveillance and by disclosure of concealed information. However, the question arise that can consumers really left alone when they are on-line?<sup>29</sup> A David Brin state that is far too late too prevents the invasion of databases.<sup>30</sup>

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<sup>23</sup> **Privacy Rules: 1.** Only relevant and socially approved personal information should be collected by private and public organizations to determine people’s access to rights, benefits, and opportunities. **2.** Individuals should be informed what information about them is to be collected and how it’ll be used. **3.** Individuals should have practical procedures for inspecting their records and for raising issues as to the accuracy, completeness, and propriety of information used to make evaluative decisions about them. **4.** Sensitive personal information should be circulated within the collecting organization only to those with a need to see it for legitimate purposes. **5.** Disclosures of identified personal information should not be made by collecting organizations to others outside the original area of activity unless agreed to by the individual or required by legal process. As in David L. Loudon & Albert J.D. Bitta, *Consumer Behavior: Concepts and Applications*, Tata McGraw Hill Publishing Company Limited, New Delhi, 2002, p.640.

<sup>24</sup> I. Lloyd, *Information Technology Law*, Oxford Press, Oxford, 2004, pp. 270.

<sup>25</sup> L. Edwards, “Consumer Privacy, On-Line Business and the Internet: Looking for Privacy in all the Wrong Places,” *International Journal of Law and Information Technology*, Issue 11(3), 2003, p. 227.

<sup>26</sup> J. Solove, “Privacy and Power: Computer Database and Metaphors for Information Privacy,” *Stamford Law Review*, Issue 53, 2001, p. 1409.

<sup>27</sup> **International Provisions:** Article 12, Universal Declaration of Human Rights, 1948; Article 17, International Covenant on Civil and Political Rights, 1966, Article 8, European Convention of Human Rights, 1950.

<sup>28</sup> L. Edwards, “Consumer Privacy, On-Line Business and the Internet: Looking for Privacy in all the Wrong Places,” *International Journal of Law and Information Technology*, Issue 11(3), 2003, p. 231-32.

<sup>29</sup> J. Solove, “Privacy and Power: Computer Database and Metaphors for Information Privacy,” *Stamford Law Review*, Issue 53, 2001, p. 1398.

Hence, the threat of misuse of private information is one of the factors which encroaches the consumer's right to privacy during online shopping.

*Fraud:* The American chairman of the House subcommittee on crime stated that: 'America must protect our national security infrastructure and economy from cyber attacks. Penalties and law enforcement capabilities must be enacted to prevent and deter such criminal behaviour. Until we secure our cyberspace infrastructure, a few keystrokes and an internet connection is all one needs to disable the economy or endanger lives. A mouse can be just as dangerous as a bullet or a bomb.'<sup>31</sup> Smith's comment has implications not only for America but for any country. Consumer's main fear when engaging in e-commerce transactions is fraud. It can be committed in many ways like setting up a website of non-existence, where consumer will give money but will never receive his order. Another way is obtaining personal data such as the cardholder's number and using it in the future without authorization for obtaining the money. The elements of crime of fraud are basically the theft of property by trickery or deception and when using the internet for shopping, the crime can be committed easier, across the borders, with more potential victims.<sup>32</sup> While describing the meaning of computer fraud<sup>33</sup> the English Audit Commission stated various types of internet frauds. The most significant amongst those is the misuse of credit cards and especially where retailer's database has been accessed by hackers and then published on the internet for the use of anyone.<sup>34</sup> This can be done against a consumer who is shopping online and using his credit card as a mode of payment.

*Phishing:* Phishing is the most recent form of identity fraud. The word comes from an analogy to fishing; the 'f' is changed to 'ph' in keeping with computer hacking tradition. The most common feature of phishing is sending an email that looks like it is from a bank or e-commerce site by using its logos or trademarks. The email gives warnings and threats such as account closure or problem; by that the user logs on his bank's site for instance, gives his details and thus the sender or fisher obtains all necessary information needed to defraud. Phishing is so

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<sup>30</sup> D. Brin, "The Transparent Society: Will Technology force us to choose between Privacy and Freedom?" *Stanford Law Review*, Vol. 8, 1998, pp.25.

<sup>31</sup> A. Flanagan, "The Law and Computer Crime: Reading the Script of Reform," *International Journal of Law and Information Technology*, Issue 13(1), Oxford University Press, 2005, p.100.

<sup>32</sup> C. Reed, J. Angel, *Computer Law*, Oxford University Press, Oxford, 2003, p.352.

<sup>33</sup> **Computer Fraud:** Any fraudulent behaviour connected with computerization by which someone intends to gain financial knowledge. I. Lloyd, *Information Technology Law*, Oxford Press, Oxford, 2004, pp. 270.

<sup>34</sup> *ib.* p.273.

dangerous that can discourage consumers from engaging into net shopping. The anonymity that exists on the internet and the usage of multiple ISPs by them makes it very difficult to be caught by the authorities,<sup>35</sup> thus creating a threat for online shoppers.

*Issues of Expenses:* Another issue that is discouraging for consumers in online shopping is that the consumer has to pay the direct cost of returning the goods even when they are supplied as defective goods or goods which were not ordered, it can be fairly argued that the seller should bear the cost because it was his/her fault.<sup>36</sup>

*Illicit Online Trading of Drugs:* Online shopping also encourages the flourishing of market where such goods are also supplied which is prohibited by law and which can not be bought easily in traditional market such as drugs. Illicit drugs are now being ordered online with India emerging as the leading country of origin of internationally controlled substances being supplied worldwide via illegal internet pharmacies. These online pharmacies are coming up in a big way. The 2011 Annual Report of the International Narcotics Control Board (INCB) released globally in Vienna recently describes the growth of illegal internet pharmacies as a major challenge to narcotics control departments worldwide and calls for immediate closure of such danger shops. The INCB collects information on seizures of such substances, to date the Board has received reports of over 12,000 such seizures. The main country of origin identified were India with 58%, followed by US, China, and Poland. The evidence has been established in India as well. The Narcotics Control Bureau (NCB) has shut down 10 illegal internet pharmacies operating in India over the last 3years. It has discovered that internet pharmacies were using parcels and couriers to supply their consignments.<sup>37</sup> Hence, such kind of online shopping is creating an illegal market which is against the safety of consumers.

## **ONLINE SHOPPING AND THE EXPERIENCES OF CONSUMERS IN INDIA: AN EMPIRICAL STUDY**

As a developing country, India's biggest problem is that of perennial shortages taking place in various types of consumer goods and services. The pressure of population is high. A large part

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<sup>35</sup> J. Lynch, "Identity Theft in Cyberspace: Control Methods and their Effectiveness in Combating Phishing Attacks," *Berkeley Technology Law Journal*, Issue 20, 2005, p. 259.

<sup>36</sup> A. Lodder, *e-Directives: guide to European Union Law on e-Commerce*, Kluwer Academic Publishers, London, 2002, p.18.

<sup>37</sup> Aditi Tandon, "India figures high in Online Dope Trade," *The Tribune*, Chandigarh, March 2, 2012.

of population is below the poverty line and of the remainder the vast majority is a long way of affluence.<sup>38</sup> There is ignorance of the consumer of his rights. The consumers have not yet organized themselves into a powerful movement. Consequently, seller's market situations frequently arise in respect of various goods. All these have created a situation of a very safe heaven for the traders and a position of frustration and uncertainty for the consumers in the country. Further, consequent upon industrial revolution and vast development and expansion in the field of international trade and commerce, variety of consumer goods entered the market to meet the needs of the consumers. Well organized sectors of manufacturers and traders with better energy and markets have emerged affecting relationship between the traders and the consumers. Thus, it became necessary to protect the consumers from the exploitation and to save them from adulterated and substandard goods and deficiency in services and to safeguard their interests.<sup>39</sup> The study was conducted to know the attitude of general public on online shopping. A questionnaire was made and randomly two hundred respondents from different age groups were asked questions on the different areas and dimensions of online shopping. The analysis of the work winds up with certain suggestions mentioned in the preceding part of the paper.

## **SUGGESTIONS**

Online shopping is the process where consumers go through to purchase products or services on internet. There are 38.5 million Indians online as per the latest forecast from Internet and Mobile Association in India. The current growth rate is 54% and it is expected to accelerate in future. Driven by the need to save time from the urban India and ever increasing population with internet access, e-Commerce Industry in India was worth Rs. 7080 crores at the end of 2006-07. E-tailing is the biggest part of electronic commerce and was worth of Rs. 850 crores in the year 2006-07 and contributed around 12% to the total e-commerce. This segment was expected to rise by 30% to Rs. 1105 crores at the end of 2007-08. Every day air and railway tickets worth INR 300 million are sold online. Many Indians purchase goods like books, electronic gadgets, air and rail tickets, apparel, gifts, mobiles, computer peripherals etc., though ASSOCHAM says that

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<sup>38</sup> Monopolies Inquiry Commission, Report of the Monopolies Inquiry Commission, Manager of Publications, Delhi, 1965, p. 158.

<sup>39</sup> Y. V. Rao, Commentary on the Consumer Protection Act, 1986, Asia Law House, Hyderabad, 2005, p.1.

books are the hottest selling item on internet.<sup>40</sup> Hence, online shopping is catching up in India and serious rethinking needs to be done to make it more consumer-friendly. Some of the suggestions are summed up below.

***Business Responses to Social and Ethical Issues:*** The social and ethical responsibility of business has become a topic of much public debate across the world. Many corporations in USA have responded to the critics. These responses have three characteristics:

- Change in Board of Directors,
- More emphasis on ethics,
- Use of social performance disclosures also called social audits.

Many Board of Directors, now include outside directors, such as influential academicians, minority and religious leaders, who give view during decision making.<sup>41</sup> Corporate ethics are difficult to define and discuss because they are related to individual philosophies and values. Nevertheless, there must be an ethical base for making marketing decisions. The problem comes from determining which base or reference point to use. While there are varieties of theories which are relevant to marketing and consumer behaviour,<sup>42</sup> the present paper will examine two basic approaches to use in deciding the morality of a particular decision or action. One approach uses relative standards, which strives to achieve the most good for the greatest number of people; the second, to satisfy the individual's own feelings about right and wrong. Since social responsibility and profit often complement each other and marketing is usually the most visible activity of an organization in India as well, it must assume responsibility for developing useful products, fair pricing of products and services and promoting them in an accurate manner. The business transactions through internet should also meet the basic social and ethical principles.

***Consumer Responsibility:*** It is suggested that consumer rights can only be achieved when accompanied by consumer responsibilities. Thus, consumers have the obligation to choose

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<sup>40</sup> B. Doolin, S. Dillon, F. Thompson, 'Perceived Risk, The Internet Shopping Experience and Online Purchasing Behaviour: A New Zealand Perspective,' *Journal of Global Information Management*, Issue 13(2), 2005, pp. 66-88.

<sup>41</sup> Patrick E. Murphy, "An Evolution: Corporate Social Responsiveness," *Michigan Business Review*, November 1978, pp. 19-25.

<sup>42</sup> Geoffrey A. Lantos, "An Ethical Base of Marketing Decision Making," *The Journal of Consumer Marketing*, Fall Issue, 1986, pp. 3:6-10.

wisely, keep informed, sound off, put safety first, and help protect their environment.<sup>43</sup> Although consumers may have certain responsibilities but they need to exercise these in an ethical fashion. Hence, consumers must establish an appropriate ethical framework to handle decisions that confront them. Various researches indicates that consumers selecting unethical alternatives reported feeling significantly more anxious, guilty, nervous, remorseful, embarrassed, shameful, and unethical than those making an ethical selection.<sup>44</sup> Hence, the consumer himself should take a conscious decision while online shopping, taking into consideration what he is buying from which site, from whom and the purpose of buying products.

The Commission of Europe has issued certain recommendations concerning transactions by electronic payment instruments and in particular between the issuer and the holder. These recommendations intends to promote customer's confidence and a higher level of customer protection in are of e-commerce. It sets out minimum requirements concerning the obligations and liabilities of the parties involved. Such kind of recommendations should be incorporated in an obligatory legal text in all the states worldwide, including India, because internet market is without any borders.

***Need for Higher Security Measures:*** Legislation should enact provisions that would oblige banks to adopt higher security measures in order to prevent abstraction of card information. One of the options could be the adoption of SSL (Secure Sockets Layer) that they encrypt card's information and it becomes almost impossible to decrypt them. The law will also loose it importance and justification if it is not complemented by other forms of protection such as security and consumer education.

***Amendments in Law:*** The Consumer Protection Act of India needs an amendment where strict legal provisions should be established so as to punish criminals. In order to punish them the law should lower the required level of intent. Moreover, various groups of experts should be established so as to trace such criminals intelligently and bring them to justice.

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<sup>43</sup> Hans Thorelli, "Consumer Rights and Consumer Policy: Setting the Stage," *Journal of Contemporary Business*, Autumn Issue, 1978, pp. 7:3-16.

<sup>44</sup> Lawrence J. Marks, M.A. Mayo, "An Empirical Test of a Model of Consumer Ethical Dilemmas," in Rebecca H. Holman, M.R. Soloman (eds.), *Advances in Consumer Research*, Association of Consumer Research, Vol. 18, 1991, pp. 720-728.

***Introduction of Chargeback Concept:*** The ‘chargeback’ concept when paying by internet should be encouraged in India as well. The concept is very famous in countries like USA, where payments made by the consumers are paid back if the consumer is not satisfied by the product or the services. This result in consumer satisfaction and the merchant will refund without hesitation. The chargeback concept should be made a legal right of the consumer under Consumer Protection Act.

***Need for Extra Judicial Network:*** The EEJ-NET, European Extra Judicial Network, is a network of out of court redress mechanism and provides communication support to consumers. Such networks should be developed in India as well for either Indian sub-continent or entire commonwealth countries.

***Creation of Cyber Courts:*** In order to built consumer’s confidence in e-commerce and solve the existing problems relating to online shopping, the creation of cyber courts is also a good option. In countries like England, there is online trial for small amount of money claims. Such steps can be introduced in India as well.

The Indian consumer laws should bring within their scope online auctions as well. The high popularity of such auctions obliges the legislators to make effective law on such issue on urgent basis.

India should make a specific legislation equivalent to the US Children’s On-Line Privacy Protection Act. This legislation should deal with sensitive data taken from children through online transactions.

Lastly, crimes relating to online shopping are a global problem with international boundaries. So India should encourage global action through international cooperation and international treaties like the European Union.