

## GLOBALIZATION AND THE CONSUMER: AN OVERVIEW

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### ABSTRACT

*Globalization no doubt has opened new channels for consumers. The main object of this article is to find out the true sense of globalization and consumer and to know "how does globalization affect consumer"? & "which rights given to consumer to protect them from negative effect of globalization"?. The result of the study is that globalization is just like two sides of one coin .It affect consumer both positively and negatively. It provides an opportunity to solve some consumer problems and some time it is been reason for exploitation.*

**KEYWORDS:** Consumer, Consumer Rights, Economic Globalization, Social Globalization.

### Introduction

Consumers have more purchasing choices now days than ever before thanks to the globalization movement. Globalization has opened new channels for consumers. It has made variety of goods services, product and technology available to the consumers. The Internet has opened new opportunities for browsing from the comfort of home, office, train, bus and there are products available from all over the world. Globalization implies the opening of local and nationalistic perspective to a boarder outlook of an interconnected and interdependent world, with free transfer of capital, goods, services, technologies across national frontiers. Many economists have observed that globalization may lead to a "one-world government," which consists of a centralized government for all nations. Globalization is begun in the latter part of the 20th century. Southeast Asia embraced the free-market system, trade barriers were dismantled and free trade allowed competition to spread around the world. The benefits of globalization have been an increase in product variety for consumers, lower prices and improved quality of products.

### Definition of Consumer

Every citizen of a country is a consumer. Consumer by definitions, include us all ; they are the largest economic group , affecting and affected by almost every public and private economic decision. Consumptions refer to anything a person needs for survival. It starts from a person's birth until they end up in grave. Another way consumer is an individual who buys products or services for personal use and not for manufacture or resale. A consumer is someone who can make the decision whether or not to purchase an item at the store, and someone who can be influenced by marketing and advertisements. Any time someone goes to a store and purchases a toy, shirt, beverage, or anything else, they are making that decision as a consumer.

### Review of Literature

**Kelic (2015)** study based on the effects of economic, political and social globalization on the growth levels of developing countries and causality relationship between the variables by using fixed effects least squares method and Granger causality test developed by Dumitrescu- Harlin (2012) for 74

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developing countries between 1981-2011 period. Kelic analyze that economic growth levels of selected developing countries were positively affected by the economic and political globalization where as social way causality relationship between political and social globalization and the economic growth and one way causality relationship between social globalization and economic growth.

**Soproni (2011)** concluded that the rise of globalization can be directly attributed to advances in technology. "Nowadays, globalization is more comprehensive than in the past. This is due to its dynamism imposed by new technologies, which allow the further attainment of various fields of life through a faster rhythm. Before, the ideas and technologies needed centuries to extend to the whole world. However, today this can be accomplished in just a few seconds. With the help of the new communication means, new ideas can get around the world in just a few moments".

**Chandler (2006)** notes that "fair trade gives consumers an opportunity to exercise a moral choice in their own purchasing practices. This is most true in the developed world, but is increasingly becoming an option in local markets in developing countries too. The regular purchase of fair trade items can act as a powerful reminder and reinforcement to the individual of the importance of their commitment to promoting economic justice." The ability to base purchase decisions on moral bases arises out of the options that freer trade brings according to this author because, with more products available, the awareness of some consumers' increases.

**Sotshangane, (2002)** concluded that Different people belong to different culture. They may differ in term of tradition, religion, economic, way of life, ethnicity, race, customs and colors etc. it is something which people gain through social interaction. Similarly culture is any information which is not inborn but gain through social life. It is learned through education and socialization. Globalization has strong effect on culture and ultimately has effect on consumer buying behavior.

#### **Objectives of the Study**

- To study the impact of globalization.
- To study the consumer rights that given to a person as a consumer.
- To study the effects of different factors on consumer behavior.
- To find out the gap in different factors that effecting consumer behavior preference.

#### **Methodology**

Being an explanatory research it is based on secondary data of journals, articles, newspapers and website. The accessible secondary data has used for research study.

#### **Globalization Effects on Consumer**

The globalization has benefited consumers in many ways but it is not without drawbacks. There are a lot of people are talking and doing research about globalization, many of whom have views about the globalization. Some authors and researchers see globalization as a rather positive thing in the meaning of the consumer society and benefit to shopkeepers of more things to buy and services to get in global world. Other authors and organization are much more critical, seeing globalization as colonization of the developing world.

#### **Positive Effects of Globalization on Consumer**

Due to globalization whole world has become a small village. Its opened new market for consumer's .It's easy for consumer to buy which product that are not available in their country. One biggest benefit of this globalization has been an increase in product variety for consumers. The internet has opened new options for consumer for browsing from home, office, bus or train, with products available worldwide. Consumers can quickly get product and services by anywhere. Globalization has brought multiple producers and corporations competing for their own stake in the economy. This is a benefit to the consumer as the quality of goods and services should increase and price of product are decrease as a result.

#### **Negative Effects of Globalization on Consumer**

Globalization has promoted to an increase in the consumption of products that has impacted the ecological cycle. Increased consumption promote to an increase in the production of goods which in turn puts stress on the environment. Globalization has also promoted to an increase in the transportation of raw materials and food from one place to another place in the world. Before globalization, people used to consume locally-grown food, but with globalization, people use products that have been developed in

foreign countries. The amount of fuel that is consumed in transporting all these products has promoted to an increase in the pollution levels in the environment. It has also promoted to several other environmental concerns such as noise pollution, water pollution and landscape intrusion. Another negative impacts globalization has had on cultural diversity, including the influence multinational companies have on promoting a consumer culture, exploitation of consumer and influencing societal values. This increased availability of media, products and service can "drown out" local cultural influences. Loss of individual and group identity occur when globalization encourages a Western ideal of individualism. Due to globalization people who belonging to different cultures and countries get a chance to interact with each other that promote a homogeneous set of values and beliefs but it causes a loss in traditions and values. The most common drawback of globalization is that it is mainly useful for rich and educated consumer who aware about global trend. Poor consumers who have small income, they cannot think about buy branding product. Consumer awareness is low due to the lack of education among the masses that increased the chances of the consumers being cheated because of information usually exist with buyers being at the mercy of much better informed sellers. Most of the consumer decisions are affected by advertisements. All right or wrong information is being passed on to the consumers through advertising. Consumer is in state of difficulty. It's not easy for consumer to solve this problem. No one has told consumers about their rights - to be informed about product quality, price, protection against unsafe products, access to variety of goods at competitive prices, consumer education and any other rights that are provide consumer by the legislation.

### Consumer's Rights

On March 15, 1962, President John F. Kennedy presented a speech to the United States Congress in which he extolled four basic consumer rights, later called the Consumer Bill of Rights. The United Nations through the United Nations Guidelines for Consumer Protection expanded these into eight rights, and thereafter Consumers International adopted these rights as a charter and started recognizing March 15 as World Consumer Rights Day.

#### Basic Rights

- **The Right to Safety:** The assertion of this right is aimed at the defense of consumers against injuries caused by products.
- **The Right to be informed:** This right states that businesses should always provide complete, truthful, appropriate information to consumers to make intelligent and informed product choice.
- **The Right to Choose:** This right states that consumer should have rights to free choice from variety of option provided by different companies from which to choose.
- **The Right to be heard:** This right has the ability of consumers to voice complaints and concerns about a product in order to have the issue handled efficiently and responsively.

#### Expansion to Eight Rights:

- **The Right to Satisfaction of Basic Needs:** This right demands that people have access to basic, essential goods and services which guarantees survival. It include adequate food, clothing, shelter, education, public utilities, health care, water, and sanitation etc.
- **The Right to Redress:** This right provides for consumers to receive a fair settlement of claims, including compensation for misrepresentation, low quality of goods, or unsatisfactory services.
- **The Right to Consumer Education:** This rights states that consumers should be able 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.
- **The Right to a Healthy Environment:** This is the right to live and work in environment that is non-threatening to the well-being of present and future generations.

### Conclusion

Consumer awareness and protection has become an important topic in this globalised world where the markets have become much more powerful. Technology and Science has made the world a global village. Now things manufactured in one country can be bought and sold in any country over the world through the internet. Thereby marking a variety of goods and services available to the consumers but it needs to be seen at what cost. Globalization is just like two sides of one coin .It affect consumer both positively and negatively. It provides an opportunity to solve some consumer problems and some

time it is been reason for exploitation. Higher standard of living, balanced human development, changing in people values, lifestyle, increase consumption, increase in product variety , commodities at lower price with high quality, free flow of technology, are the positive effects of globalization on consumer. Globalization negative effects on consumers are cultural diversity, pollution in environment, increasing gap between poor and rich consumer etc. Today in globalised world we can't neglect both effects. Whole economies, must seek a balance between the positive and negative effects.

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