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# UNIT 15 CONSUMPTION PATTERN

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## 15.0 OBJECTIVES

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After reading the present unit you should be able to

- describe the concept of consumption as one of the dimensions of the economic organisation of any society;
- discuss the nature of consumption;
- elaborate and explain the definitions of various concepts that are associated with consumption;
- present comparative picture about the nature and patterns of consumption in pre-industrial and industrial societies; and
- outline the various factors affecting the consumption process in contemporary industrial societies.

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## 15.1 INTRODUCTION

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In this unit we are going to discuss some fundamental questions regarding the nature of consumption, the social aspect of consumption and the relationship that it has with production. We will examine the patterns of consumption in both pre-industrial and industrial societies. It includes an account of the factors that affect consumption in technologically advanced societies.

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## 15.2 SOME FUNDAMENTAL QUESTIONS

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Three fundamental and basic questions will be asked generally in the study of the economic organisation of any human society. They are:

- i) How are the goods and services wanted by human societies produced?
- ii) How are the produced goods and services distributed or allocated among the members?

- iii) How are the goods and services produced and distributed eventually put to use and consumed and what patterns of behaviour govern this process?

All these three questions involve behaviour networks of goods production and production of artifacts; distribution, exchange and allocation and utilisation, hoarding and consumption everything which is concerned with production and utilisation of goods and services. While the answers to the first two questions were provided in the earlier units of this block the present unit aims at giving an answer to the last question. The consumer and the process of consumption have received relatively little attention from the social scientists. From the earliest times, their interests have been focused more on the production, distribution and exchange of goods than on this phase of economic cycle, namely, consumption. It received only a passing recognition. However, the economics of consumption in both primitive and modern societies is a subject to which sociologists and social anthropologists are attracted only recently.

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## 15.3 THE NATURE OF CONSUMPTION

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Consumption involves a broad slice of human activity. It is concerned with all phases of the using up of goods and services in living. Thus, we may be said to be consuming when we are eating food, sleeping on a bed, visiting the doctor or going to school. But there are other aspects of consumption. The choosing or selecting of a particular basket of goods and services is a part of the consumption process. This in turn involves acquiring information, participating in transactions making decisions and so on. Then, it may be suggested that production involves consumption: many white sheets of paper were consumed, used up, in the production of this unit, or the worker eating his lunch is consuming in order to acquire the energy to continue with his production activity.



Consumption

### 15.3.1 Relationship between Consumption and Production

Consumption is a common feature in human societies. Sometimes even after goods have been produced, a large amount of it goes waste in our economic system. This waste occurs

due to a poor consumption process. This kind of consumption not only results in a loss of satisfaction on the part of those who consume, but it may also result in a misuse of productive resources.

A consumption process which gives little satisfaction to consumers produces individuals in society who lack energy and therefore, the will to work. Whereas a process of production, with little or no waste of goods produced, is likely to lead to greater satisfaction to consumers. This, in turn, will produce relatively more healthy individuals, who will be better equipped to take part in the productive processes in society. In this sense consumption is closely linked with production.

#### Activity 1

Prepare a list of items that you have purchased from the market in a week; such as, food items, soaps, grocery etc. Write a note of about one page on "Consumption and its Social Nature" where you analyse the nature of your purchase and its utility - was it an essential item or were you driven by what others are using. Compare your note with others at your study centre. Discuss with your Academic Counsellor at the Study Center.

### 15.3.2 Social Aspects of Consumption

Consumption is not entirely an individual matter but has important social aspects. For example, much of what we consume is the result of the consumption of others. We often imitate others because we may not know what to consume or because we wish to avoid being conspicuous through the omission of certain articles in our consumption. The consumption problem deals with the final purpose of the products manufactured by society. How much is consumed relative to the amount saved? If there is conspicuous consumption, what forms does it take in societies? Of the amount that is saved, whether and how it is invested or hoarded? These are the basic issues related to the main theme, consumption.

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## 15.4 THE DEFINITION OF CONCEPTS

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Consumption is generally defined as the use of goods and services to give satisfaction to the consumer. There is an element of selection in consumption - the selection of a particular set of goods and services. There is an element of using up in consumption - the using up of different goods and services in living. And there is an element of obtaining something in consumption - this output we call satisfaction or utility. Thus selected goods and services are used up in consumption to produce satisfaction or utility for the consumer.

In this view, consumption is comparable to production - only the nature of product is different. While the output of a productive activity is so many units of physical goods or services, the output of consumption is so many units of satisfaction. A consumer is defined as an individual human being who consumes. In the sense of, using up inputs of goods and services to produce satisfaction. The choice of goods and services to be consumed is often made within the family unit and individual members consume in accordance with that chosen pattern.

### 15.4.1 The Areas of Consumption

It is convenient to distinguish four categories of consumers, although each could be divided further in terms of such variables as type and volume of purchase. They are: (i) The household or family. (ii) Agencies of the government at national, state and local levels. (iii) Manufacturing and business establishments. (iv) Various non-profit organisations such as voluntary association, private schools, hospitals, and religious and charitable organisation.

The plane of consumption is described by the list of goods and services acquired in the market and actually consumed. The plane of living is described by the list of all goods, services and conditions actually consumed or experienced. It is an inclusive concept in that it includes all things consumed or experienced in living; goods and services acquired in the market plus such things as the use of public facilities like parks, schools, location of residence, etc., which are non-marketable goods, services and conditions.

### 15.4.2 The Level of Consumption

The level of consumption is described by a composite or aggregate of the list of goods and services acquired in the market and actually consumed. It is expressed in one number which provides a convenient means for ranking different planes of consumption.

The level of living is described by a composite or aggregate of all items which comprise the plane of living. It is an expression of the plane of living in one number or value.

The standard of consumption is described by the list of goods and services that may be acquired in the market which people think they should consume. It is a normative concept in that it refers to what ought to be rather than what is, as in the case of plane or level.

The standard of living is described by a list of goods, services and condition which the individual or group strives to attain, to maintain if once attained and to regain if lost. It is a normative concept describing how the individual or group believes he or she ought to be living.

To summarise these ideas, 'plane of living' is a more inclusive concept than 'plane of consumption'. But in either case 'plane' and 'level' refer to items actually consumed. Similarly, 'standard of living' is a broader concept than 'standard of consumption' but in either case 'standard' refers to some derived performance. A standard of living may be viewed as a level of living which people feel belongs to them.

#### Check Your Progress 1

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

1) What are the fundamental questions regarding the study of economic organisation of any human society? Give two examples. Use about five lines.

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2) Tick the correct answer:

i) Consumption is concerned with all phases of the using up of goods and services in the process of living. yes/No

ii) We often imitate others because we do not want to become conspicuous among others with whom we live, such as in our way of dressing etc. Yes/No

iii) Not all human societies have the process of consumption. Yes/No

3) Give the definition of consumption in about three lines.

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### 15.5 PATTERNS OF CONSUMPTION IN PRE-INDUSTRIAL SOCIETIES

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Sociologists and social anthropologists usually classify the economies of the world, into five types (1) hunting and food gathering, (2) 'herding' (3) horticulture, (4) agriculture and (5) factory-industrialism. In the first four types, groups are normally organised for both production and consumption on the basis of kinship, and there is consequently little separation of the two function in organisation, that is, the family is the basic unit of both production and

consumption. In industrial societies, on the other hand, there is a separation of the production and consumption units as they are organised on different principles. The major consumption unit of final products is still the family although other institutions such as the government also becomes an important consumer. While markets are of less importance in the first four types of economics, production and consumption units are linked through the mechanism of the market under factory-industrialism.

### 15.5.1 Social and Cultural Aspects of Consumption

A major factor that has rendered the study of consumption difficult in some of the pre-industrial societies has been the absence of a pecuniary standard of value, whereby the worth of resources assigned to various ends can be calculated and the resultant planes of living of a people effectively described. Certain methodological problems were indicated by researchers in their attempts to calculate the exact quantity of food the households consumed, how much was given away or wasted and how much received.

If we turn to the traditions which determine the consumption of goods in non-industrial cultures, we are confronted with some surprises. Food, the most fundamental necessity of life offers the most striking case in point. Even the consumption of this elementary necessity is found to be influenced by ideas of what is and what is not suitable for human nourishment. A comparable selectivity is found in clothing also by considering the differences not only in style but also in the materials that differentiate the clothing of the two sexes. It is easy to recognise how arbitrarily the selections are made from the available supply of goods.

Besides the questions of nourishment and individual taste, patterns of food consumption involves the factor of prestige also. Foods must be served to guests in order to maintain a particular social status, regardless of what may be eaten in private. Further, it is held shameful if a man has to send to the market for food with which to entertain unexpected guests. Also the utilisation of goods for ritual purpose and, in particular ceremonial consumption so as to gain prestige, are among the most important and consistent elements in the use of available foods resources in many pre-industrial societies.

### 15.5.2 Seasonal Variations in Food Production and Consumption

Further, the food of people in pre-industrial cultures varies with the season of the year and the region of the country in which they live. Similarly, consumption of certain food stuffs can effectively be stopped for a time if a chief decides so in order to save food for a social occasion.

#### Activity 2

Take an outline map of India. Put the name of various states/regions, such as, Punjab, Uttar Pradesh, Gujarat, Rajasthan, etc. Try and find out what are the main or staple diet of people of these areas and what major food items like, wheat, coconuts, rice, etc. that they consume. Put this on the map and write a page on "Major Food Products and Preparations Consumed in India". Compare your answer with other students at your study centre.

In several agricultural societies domestic food supplies are at the lowest at the time of the most arduous output of physical labour and highest when there is least agricultural work. In other words, it would seem that food availability is inversely correlated with food requirements, if we assume that more food is needed to sustain the arduous agricultural labour of the rainy season than the leisure months of the dry season.

The agriculturists lack neither the technique of storing food stuffs nor the concepts of thrift and frugality. It must also be remembered that besides differences in the amounts of food available at any given time, the rate of consumption may be affected by the amount of work done at a given season of the year, or by the sudden arrival of guests or unexpected demands from kinsmen in the village. Diversity in food resources holds the level of basic subsistence goods relatively constant and compensates for seasonal variation in supply that can constitute a serious problem where reliance is placed on a single source and the technology is simple.

**Check Your Progress 2**

**Note:** a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) On what basis have the sociologists classified the economies of the world into five types? List these types. Use about five lines.

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2) Tick the correct answer:

- i) In hunting and food gathering, herding, horticulture and agrarian societies family is the basic unit of both production and consumption. Yes/No
- ii) In industrial societies there is no separation of production and consumption units. Yes/No
- iii) Patterns of food consumption depend on social variables like prestige and status besides the question of nourishment. Yes/No
- iv) The food of people in pre-industrial cultures remains the same throughout the year. Yes/No

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**15.6 CONSUMPTION IN INDUSTRIAL SOCIETIES**

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Many of the things consumed by modern people in industrial societies are no longer produced at home and the efforts of family members are focused instead on earning a living. Buying is the process through which the varied output of industries must somehow flow to provide acceptable standards of health, possessions and happiness to the members of the society. It is the negotiation of this exchange of money for goods and services that reveal what we call the problems of consumption. We try and balance our income with the necessary items and extra comforts that we require in life. Science, technology, improved merchandising, extension of personal credit facilities. Rising standards of living has created outright, brought into volume production, or raised to the position of necessities of life, a long list of new goods and services. These involve new standard of health, child rearing, comfort, convenience, cleanliness, travel and variety of living. Along with these, there is also a measure of one-up man ship in most societies where consumption pattern denotes your social status, i.e. one tries to emulate those who are better-off and higher in status than ourselves. In the Elective Course, ESO-03 you will learn more about an American sociologist, T. Veblen (1857-1929) who gave the concept of “Conspicuous Consumption” to explain why people tried to imitate their neighbours in terms of consumption.

Also, French sociologist, Pierre Bourdieu (1991) believes that different classes in a society make a distinction among themselves not only on the basis of objective reality but create a demarcation based on symbolic reality. For eg. style of living, model of car one uses, etc.

**15.6.1 Factors Affecting Consumption in Industrial Societies**

**i) Availability of Choice**

The consumer’s problem now is one of selection to a degree never before known. The production units in turn face the necessity of competing not merely against rival makes of the same commodity, but against the entire field of alternate goods and services in the ever widening arena of competition for a share of the consumer’s rupee.

**ii) Amount of Income**

The consumer's ability to buy goods depends on the money he has. Availability of consumer credit widens their range and flexibility of buying power. The instalment and small loan facilities allow a common consumer to buy expensive goods.

**iii) Family Size**

The size of the family is one of the predominant factors affecting the balance among expenditures. Studies conducted on family consistently reveal the declining size of the family unit, particularly in an urban environment, which facilitates a rise in consumption levels over the rural people. There is a trend in our urban culture towards rearing children as major economic outlays rather than as the economic assets of an earlier era. In other words, parents in modern times consider children as economic liabilities rather than assets. Children have come into direct competition with other consumption goods. As the money available for house-building decreases, people go for smaller living units. Rising standards of living, equality between parents and children make it possible to distribute incomes more evenly. There is a growing margin of leisure time activity in the modern family. These leisure-time activities are adapted to the needs of separate age and sex groups. They affect the consumption of a wide group of goods and services in modern 'society' such as cinema, theatre, clubs, restaurants etc. The steady secularisation of Sunday has made it more than ever before an occasion for spending money. The annual vacation habit is also spreading.

**iv) Availability of Goods**

In addition to the amount of income and varying family needs, the differing localities or regions in which people live exert different pressures to consume. Climatic factors influence consumption in such matters as clothing, fuel, housing and automobiles. Since standards of consumption are so largely social rather than private in character, the level of wealth; and availability of goods in a given community exert powerful pressures on the consumer. For example, a farmer is under less compulsion to dress up to a high standard than is a businessman in a large city; and a family closely surrounded by multiple trading centres with elaborate shop networks and high standards of competitive spending tends to be under more pressure to buy many types of commodities than is a family served by a single and meagre trading centre. Thus the differences in the availability of goods to different sections of the population operate to increase or restrict the area of choice confronting consumers. However, it is significant to note that even in geographically remote and socially isolated areas, more goods are available today as compared with a generation back.

**v) Merchandising Practices**

The pressure to sell more goods, necessitates the development of merchandising practices such as advertising and branding. Advertising goes hand in hand with volume of production and retail distribution. The general aims of advertising are:

- i) to create awareness among consumers,
- ii) to break down consumer resistance,
- iii) to create consumer acceptance, and
- iv) to create consumer demand.

Further, the specialisation of commodities and heightened competition of manufacturers in their efforts to create national markets, facilitated the spread of packaged and branded goods. Accordingly, the value of a brand name has mounted steadily and the number of brands of selected commodities has gone up. For eg. A report by NCAER N.Delhi (1993) found during its research that the Nirma brand of washing powder has the highest sale in India which was about 700,000 tonnes of detergent sold in India. Meanwhile, the consumer is reported to be shifting at an accelerating rate from brand to brand and retailers are lamenting that customer loyalty is now not what it used to be. Style, price, quality and convenience shuttle in and out of the picture as millions of citizens make daily purchases.

**vi) Consumer Literacy**

The increase in new kinds of goods and services, the decline in home handicraft knowledge, the increased complexity of mechanical devices and fabricated commodities, new pressures

on the consumer to buy and new tensions within the consumer, all make new demand for consumer literacy. This problem of literacy involves two things: knowledge of commodities and of what one can afford. The growing co-operation of government with industry and the mounting volume of printed and radio material issued by it to consumers render its role outstandingly significant in the consideration of consumer habits. In addition, certain professional and non-profit agencies have emerged to buttress the consumer. Consumer co-operatives also, play a role in this area of consumer education.

The above analysis, thus, has been concerned with specific factors influencing the consumption process. None of these factors, however, can be isolated as primary cause of consumer behaviour, because they are all so closely part of the complex system of family budgeting. The ways in which individual families allocate their total incomes are revealed to some extent by budget studies. While shopping is still a pleasure to some consumers, there is evidence that, with the multiplication of alternate activities, there is a mounting distaste on the part of both men and women for the labour of buying things. They desire to simplify and expedite the process as much as possible.

In more developed countries like America, people use the Internet facility to purchase nearly everything ranging from jewellery, clothes, plane tickets, cinema tickets to even fruits and vegetables. This trend is catching up in India, as well especially in the metropolitan cities. Thus, in terms of consumption, the world has become a global world.

**Check Your Progress 3**

**Note:** a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) What is meant by the problems of consumption in modern societies? Answer in about seven lines.

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- 2) In relation to consumption what are the consequences of development in science, technology, improved merchandising, etc. in industrial societies? Use about five lines.

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- 3) What are the factors that affect consumption in industrial societies? Use about seven lines for your answer.

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## 15.7 LET US SUM UP

Economic organisation can be explained as the human behaviour by which goods are produced, distributed and used. In non-industrial societies in which the techniques of production and distribution are simple, the mechanism of consumption is prevalent within a small group. They produce only to consume. For them, food, clothing, shelter and articles of protection are the primary consumption goods. In industrial societies in which the techniques of production and distribution are complex and surpluses are produced in large quantities, the mechanisms of consumption have also become complex. The variety of factors which are involved in the formation of consumer habits in modern societies are traced out and explained in this unit.

## 15.8 FURTHER READINGS

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## 15.9 KEY WORDS

- Conspicuous Consumption** : Any consumption which distinguishes one consumer from another consumer by such an action as buying two or more cars in order to show one's wealth.
- Transaction** : To carry on the exchange of goods and services in a business deal.
- Utilisation** : To make use of goods and services in the process of consumption.

## 15.10 MODEL ANSWERS TO CHECK YOUR PROGRESS

### Check Your Progress 1

- 1) The two fundamental questions regarding the study of economic organisation of any human society are: i) How are the goods and services wanted by human societies produced? ii) How the produced goods and services are distributed or allocated among the members?
- 2) i) Yes (Check section 15.3)  
ii) Yes (Check sub-section 15.3.2)  
iii) No (Check Sub-section 15.3.1)
- 3) Consumption is defined as the use of goods and services to produce satisfaction for the person who consumes, namely, the consumer.

### Check Your Progress 2

- 1) The sociologists classified the economies of the world into five types according to their main subsistence base. These five types are : i) hunting and food gathering; ii) herding; iii) horticulture; iv) agriculture; and v) factory-industrialism.
- 2) i) Yes (Check section 15.6)  
ii) No (Check section 15.6)  
iii) Yes (Check section 15.6.1)  
iv) No (Check section 15.6.2)

**Check Your Progress 3**

- 1) In industrial societies the bulk of things that are consumed are produced outside the home. Therefore, family members concentrate on buying a living. Buying has to take care of the varied outputs of industries. These outputs have to provide for acceptable standards of health, possessions and happiness. This process of exchange of money for goods and services constitutes consumption in industrial societies.
- 2) Development in science and technology, improved merchandising, credit facilities, etc. have led to the acceptance of large number of products, goods and services as the necessities of life. These include new standards of health, child rearing, cleanliness, etc.
- 3) The factors that affect consumption in industrial societies are: i) availability of choice; ii) amount of income; iii) family factors; iv) availability of goods; v) merchandising practices; and vi) consumer literacy. Family affects consumption in industrial society as it constitutes the major consumers of the society. There is a direct relationship between the family size and proportion of consumption in industrial societies.

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