

## The Need for Consumer Literacy Education among Children in India

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### ABSTRACT

Children in countries like India are experiencing obesity as a disease during their childhood, due to the intake of processed foods in a large quantity. The role of marketing plays a vital part in persuading children towards such food habits and leads to greater consequences both physical and mental wellbeing. The term consumer literacy is the needed antidote for children to cultivate within them during their childhood so that, they can safeguard themselves from the marketing tactics of businesses. This study focuses on the attributes that determine the consumer literacy knowledge of children and differentiates the attributes that need improvement among children before they get influenced by the marketing efforts targeted towards them. The results show that children were finding it difficult to critically understand advertisements and tend to believe blindly to it. And also, they were more allowed to do impulse buying during shopping. Parents, teachers and government should teach and educate children about the marketing nuances so that the forthcoming generation can develop wise consumption habit and contributes towards sustainable future.

**Keywords:** consumer literacy, Children, wise shopping, literate consumers, advertisements.

### INTRODUCTION

Children in the modern data-driven society are being washed away in making decisions swiftly without giving themselves the time to consume what they see, hear, and react favourably to the persuasive advertising tactics of businesses. Dr. Margaret Chan, the former World Health Organisation director general from 2006 to 2017, spoke before the Commission on Ending Childhood Obesity that, one particularly prevalent factor contributing to childhood obesity is the globalised marketing of unhealthy foods and beverages. The Commission report presents unambiguous data about the influence of marketing unhealthy foods on childhood obesity (World Health Organization, 2015). The top five items that are promoted to children worldwide on television are sugar-filled morning cereals, high-fat savoury snacks, fast food establishments, candy, and sugary drinks like soda. Several pieces of evidence point to children's extreme susceptibility to marketing. Children, especially those under the age of eight, are less able to critically analyse marketing messages since they do not have the requisite experience or cognitive abilities. Since they cannot assess marketing, kids often take it at face value and believe it to be impartial, factual, and true. Being conscious of the food marketing that surrounds us, having critical conversations about it with our children, and—most importantly—letting our elected government ministers know that we are concerned about this issue are the first steps that every one of us can take (Kelly, 2019).

Children usually tend to believe things easily and respond to what people direct them to do. If this is the case, how well marketers can able to use the child's pester power to be against their wellness both physically and mentally? To overcome these, the child needs an additional skill that can be enhanced or inculcated inside them so that they can able

to sense the persuasive intent of marketing initiatives and overcome them. The predominant socializing agents include family, peers, and media which contribute to the consumer socialization of children. Among them, media is set to have a significant impact on children. Post-pandemic impact has caused a dramatic change in the lives of children than any other age. Each of the children was given with a smartphone solely for academic purposes by their parents. However, this made the way for stealth marketing to enter and ruin children towards the goal the companies pertain to achieve. To gain loyal customers for a prolonged period, most businesses tend to target children with their offerings. Because children receive little information about the literacy of consumerism in schools and households, then they tend to have worse literacy when it comes to making purchases of goods and services. These days, families are more affected by this as parents find it harder to manage their kids' shopping habits, which are more influenced by peer pressure and media appeal. In the absence of adequate literacy instruction, this type of consumer behaviour might result in a catastrophic way of life for future generations. Some parents even take great satisfaction in their kids' ability to choose the goods and services they want to purchase on their own. Studies on this subject have been conducted in Western nations, although Indian childrearing practices are different from those in other countries. Therefore, to assess Indian children's consumer literacy and highlight the importance of enhancing consumer literacy instruction in both homes and schools, it is necessary to examine the children's consumer literacy knowledge.

According to Gunnar Mau (2018), buying literacy is the set of social, cognitive, and motivational skills that allow consumers to successfully traverse the complete purchasing process to meet their requirements and objectives, as well as identify and assess the behaviours and barriers they may encounter along the way. Consumer literacy is the combination of a person's involvement, knowledge, and abilities while making purchases (Himmelweit, 2014). Children are easily swayed by the persuasive aim of advertising because of their poor degree of advertising literacy (Hudders and Cauberghe, 2018). As a result, we must ensure that our kids acquire the skills and information they need to form healthy consumption habits (Dzupina and Jankova, 2017). There is very little research on kid consumer behaviour in India; most studies on the subject have focused only on developed markets (Hota and Bartsch, 2019). To fully comprehend children's advertising literacy and its effects, further research must be done (Hudders et al., 2017).

## LITERATURE REVIEWS

The process of gradually picking up consumer and purchasing process conventions, regulations, and behaviours is known as consumer socialisation. (Šramová, 2017). The purpose of teaching media literacy is to provide people with the knowledge necessary to become critical media consumers. Advertising literacy abilities, in particular, act as a counterbalance to marketing solicitations (O'Rourke et al., 2019). Understanding the selling intent of advertising and the persuasive intent of advertising are two distinct subskills that may be separated from the capacity to comprehend the underlying business intent and expertise of advertising strategies (O'Rourke et al., 2019). In summary, experimental studies have shown that children's advertising literacy for brand placement was enhanced by an advertising disclosure (De Pauw et al., 2017) and an advertising literacy training session (De Jans et al., 2017). According to Blandína Šramová (2014), the level of cognitive development of an individual determines their ability to understand commercial information. The growth of consumer behaviour and the capacity to discern between commercialism and realism in commercials both depend on the same factor. Sramova's study tackles the negative consequences of commercialization on kids' growth, as the overt materialism in ads has a negative impact on kids' sense of self-worth, orientation towards values, routines, and attitudes. Media literacy education is a crucial tool for raising media literacy levels in households and schools alike. Increasing children's media literacy might be the key to helping them comprehend marketing communications and, consequently, enhance their capacity to identify commercial messages. Gunnar Mau (2018), Children start actively making purchases when they are eight years old. They still need to grow their skills and competencies, which creates a conflict because they have to meet market needs. In the last few years, this field has sparked both consumer protection and research. Children require the necessary information and abilities to grasp the

entire shopping process to make wise consumption decisions. Along with being able to meet their wants and goals, children should also be able to recognise difficulties in their conduct as well as in other people's. While, researches on children's purchasing conduct and decision-making processes reveals that children eventually acquire a knowledge of key ideas related to purchase behaviour as they grow older. However, marketers will make the best out of children during their childhood itself.

## RESEARCH METHODOLOGY

Jean Piaget's cognitive development theory is one of the ideas that is most frequently applied in marketing research (1999). This hypothesis states that Piaget separated cognitive development into four phases, each of which is necessary for a person to be able to understand messages intended for children in advertising. They are: pre-operational stage (aged 2 to 7 years), concrete operational stage (aged 7 to 12), formal operational stage (beyond the age of 12), and sensorimotor stage (aged 0 to 2 years). Out of the four phases, one is selected and carefully studied to comprehend the children's literacy about making buying judgments. According to Piaget (1999), the third stage of cognitive development is the concrete operational stage, which spans the ages of 7 to 12. It's the period when kids start to think more logically and strengthen their cognitive skills. These structures are linked to certain things, making them visible. At this point, the person can differentiate between their own and other people's opinions.

This study is focused on children 7 to 11 years of age according to the stages of Piaget's cognitive development theory. Children from the municipal corporation area within the city limit were selected as target respondents for the study. Children within the city are believed to be more exposed to market scenarios than those from rural areas. Initial permission related to the conducted study among the children was obtained from their respective school principals by issuing a brief report about the study and its importance for children. After getting permission from the school principals, the study is conducted among children from 3<sup>rd</sup> to 6<sup>th</sup> grade for a duration of 45 minutes. A sample size of 318 responses was received from the data collection excluding 18 responses which were found incomplete. Each of the 5-point Likert scales is explained to children with examples. For better understanding, children were asked to compare their responses with emojis equivalent to Likert scale ratings. Throughout the session, their respective class teacher or subject teacher is available to assist the children in clearing their doubts. Upon completing the data collection, children were given enough knowledge about being wise consumers. And also explained to them some of the nuances of marketing so that, they can develop critical thinking on watching advertisements. The primary teachers and students found the session useful for them. No identifying information has been collected from any of the children based on ESOMAR guidelines.

## DATA ANALYSIS AND RESULTS

From the demographic profile of the respondents, the contribution of children from age nine is more than all other aged children. Among the genders, male children's participation is found to be more in comparison with female children. Under the caretakers' section, most of the children around 88 percent were taken care of by both of their parents (see Table 1). The father's occupation and mother's occupation were also included in the demographics. In terms of family type, more children belong to the nuclear family.

From the mean and standard deviation results, the behaviour that children exposed in terms of consumer literacy knowledge show that (see Table 2), among the attributes, improved shopping habits and learnings from previous shopping experiences were found to have higher mean values than other variables. The second attribute is a comparison of two or three alternatives. The third attribute is reading product labels and choosing them. The fourth attribute is the

child’s ability to differentiate between an ad and a TV program. The fifth attribute is knowing the reasonable price to pay. The sixth attribute is critically watching advertisements. The seventh attribute is avoiding products not on the shopping list. Among the seven attributes of consumer literacy knowledge, the children from ages 7 – 11 years were finding it difficult to manage the fifth, sixth, and seventh attributes as they have minimum differences.

**Table 1. Demographic Profile of the Respondents**

*n=318*

Demographic Profile	Frequency	Percent
<b>Age</b>		
8	74	23.3
9	104	32.7
10	80	25.2
11	60	18.9
<b>Gender</b>		
Male	184	57.9
Female	134	42.1
<b>Caretakers</b>		
Father and Mother	280	88.1
Father only	18	5.7
Mother only	19	6.0
Guardians/Others	1	.3
<b>Father Occupation</b>		
Yes	309	97.2
No	9	2.8
<b>Mother Occupation</b>		
Yes	84	26.4
No	234	73.6
<b>Family Type</b>		
Nuclear	208	65.4

Joint	76	23.9
Extended	34	10.7

**Table 2. Consumer Literacy Attributes**

Variables	Mean	SD
Improved shopping habits from previous experience	3.49	1.292
Comparing two or three alternatives	3.46	1.267
Reading product labels	3.41	1.309
Differentiating ads vs TV program	3.31	1.213
Knowing the reasonable price to pay	3.21	1.269
Critically viewing advertisements	3.14	1.249
Avoiding products not on the shopping list	3.13	1.3

**Table 3. ANOVA Results from K-Mean Cluster Analysis**

Variables	F	Sig.
I usually read product labels before deciding which product to choose.	445.69	0.00
I take time to compare two or three alternatives before spending money.	319.569	0.00
I avoid buying products that are not on the shopping list.	234.465	0.00
I carefully study the choices available before I buy.	227.233	0.00
I made unnecessary purchases and corrected it the next time when I went shopping.	210.156	0.00

I can able to differentiate between an advertisement and a TV program	200.115	0.00
I am usually well-informed about what is the reasonable price to pay for something	190.525	0.00
I look at advertisements and learn how they make us buy their products.	181.702	0.00

From the results of ANOVA obtained using the K-mean cluster as shown in Table 3, the items are arranged according to the F test values starting from the larger value to the smaller value. The magnitude of the F-value from ANOVA indicates that a larger F-value shows better discrimination between variables or items. Subsequently, the smaller F-value shows a lower discrimination between the variables.

## DISCUSSION

From the findings of the mean and standard deviation, the items were segmented as attributes that support the consumer literacy knowledge of children. From Table 2, we can understand the sorting of mean and standard deviation according to the attributes children chose for consumer literacy knowledge. Among the attributes, learnings, and improvements from previous shopping experiences are preferred to be improving the consumer literacy of children. This can be interpreted as children who mostly visit shops under the supervision of their parents tend to learn to choose a wise product eventually as they visit more times to the shop or learn to choose the right product after more visits to the shop. The second attribute is comparing two or three alternatives of the products. Children admit that they compare their products with two or three alternatives before choosing it. The third attribute is the habit children have of reading product labels. Reading the labels of products is considered to be an essential one for a consumer to be literate. Children develop such habits from their parents and elder siblings. The fourth attribute is the child's ability to differentiate advertisements from TV programs. Children were found to have the ability to differentiate both an advertisement and also TV programs. The fifth attribute is knowing a reasonable price to pay for a particular product. A significant number of children admit that they have the knowledge of reasonable prices for a particular product. This implies they notice the price of products while buying even though they are not the end buyer. From the mean values of the sixth attribute, it is understood that children did not critically view advertisements. Literatures also shows that children cannot understand the persuasive marketing tactics of businesses as that of adults (Hudders and Cauberghe, 2018; Šramová, 2017). Therefore, it goes parallel with previous studies, as children are less knowledgeable about critically understanding an advertisement. The seventh attribute is avoiding products not on the shopping list. Children tend to do impulse buying, as since their childhood, they have been practiced in such a way to buy products on the spot and not through shopping lists. That needs improvement as such habits lead to lowering consumer literacy knowledge of children. To support the attributes the variables were found to be discriminant to one another. From the Table 3 analysis, it is understood that larger differences in F value obtained from the K-mean cluster analysis, show greater discrimination in attributes. Therefore, each of the variables is distinct from the other and can be considered as an attribute of consumer literacy knowledge. The most predominant way to improve children's consumer literacy is through parental co-viewing. Parents of the child should sit along with their children and educate them on each of the advertisements they are exposed to whether on TV ads or in a shopping mall. Wherever the child is exposed to the marketing tactics of companies, it is the parent's efforts that can make a difference in equipping the child's understanding of that particular marketing effort.

## CONCLUSION

There is a need to enhance the consumer literacy knowledge of children in India. Children are nowadays targeted by marketers as potential and loyal consumers from whom they can yield more profits for a longer duration. This study predicts the attributes that determine the consumer literacy knowledge of children and differentiates the attributes that need improvement among children before they get persuaded by the marketing tactics of businesses. Studies related to consumer literacy knowledge among Indian children are the need of the hour, as very less amount of literature contributes to it. Further studies can focus on bringing the qualitative aspect of children's understanding of each of the advertisements and proven coping strategies that are beneficial for them to cultivate wise consumption habits.

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