

# Consumer behavior course work

Business, Company



Consumer behavior can generally be described as the study of consumers and how they chose, use, and consume a particular product or service. This study covers both the pre-purchase and post –purchase behaviors of a consumer. The study is important because it determines many marketing decisions

Question 1: How have the changes in the economy led to changes in the consumption process? How might these influence the pre-purchase, purchase, and post purchase stages of consumer decision-making?

An economy goes through a number of stages of growth. When transiting through these stages, a number of changes are likely to occur in the production and consumption processes (Schiffman & Kanuk, 2009, p. 457).

The very initial stage of an economy is the traditional society. In this stage, the output or productivity was limited by the poor knowledge of science and technology. Due to this, not much production could be done and so people bent more on agriculture and activities that involved the use of simple technologies such as the ad hoc technical innovations. Hence the consumption process here could not be clearly defined.

In the second stage of economy growth, known as stage of preconditions for take-off, conditions are set to allow the traditional society to enjoy the new science technologies and innovations Schiffman & Kanuk, 2009, p. 459).

Examples of the changes experienced in this stage are better education facilities, development of financial institutions, and a wider scope of commerce. Production levels are much higher at this stage and with the changes; a consumption process can be defined. In the take-off stage, the barriers of transition from the traditional society to the modern society are

overcome. Economic progress can be felt and this leads to more production. In this stage, the rate of investment and saving increases, just as the consumption rates (Schiffman & Kanuk, 2009, p. 468). The changes in economy experienced in the stages of drive to maturity and the age of high mass consumption are much more the same. Here, industries shift more into the production of durable goods and services. There is a further stretch in modern technology and innovations. More resources are allocated to the welfare of the society (Solomon, 2010, p. 534). It is good to note that consumption of goods or services falls under three categories; the category of durable or non-perishable goods, nondurable goods, and services. For the category of durable goods the consumption process is a bit longer since the goods can sustain the consumer for a long duration of time. In the category of nondurable goods, the consumption process is much shorter. This is because the goods purchased are perishable and need to be consumed as soon as they are purchased. The other category of services growing at the fastest rate compared to the other three categories of consumption.

## **Question 2: Will consumers continue to save? How can brands gain back consumer trust?**

Changes of the economy that have been experienced in the last recent years have led to a lot of changes in the way consumers shop. Consumers now take time and second thoughts before making any purchase (Solomon, 2010, p. 500). According to statistical data, the purchases being made are purposeful and deliberated. Consumers are now very conservative when it comes to how much they spend on purchases. This is partly because of the increased prices of commodities, whereas their incomes remain constant.

Besides repackaging and adding value to the products, companies should sell products that are fit and safe for consumption. This leads to the fact that companies should be authentic, transparent and honest in their production and in the way they run their organizations. In the chance of possible risks such as side effects, those who sell the products should tell all the facts about the products just as they are. When problems arise, those responsible should be brave and honest enough to stand up and candidly speak about it, rather than wait and let things get out of control. If in the past, a consumer raised complains about a particular product, the first thing that the marketers or sellers of the products should do is own up and apologize for the inconveniences caused.

Another way that brands or companies could use to regain back the trust of its consumers is by associating their products with well known and respected members of the community. The companies could get well known personalities to do advertisements of their products. This in a great way attracts the needed attention of both lost consumers and new or potential consumers.

Social responsibility, or in other words, being committed to activities in the surrounding community can help market a brand. Once those in the community see how much a company gives back to the community, they get interested and will want to try out the products of the particular community. Community concern can also be shown by not polluting the environment. Being involved in the community activities can also be used to serve as a connecting channel between the consumers and the company. The interactions make it possible for conversations to occur. In these

conversations, consumers can express themselves and this makes it easier for problems to be addressed quickly and effectively. The conversations can also yield to new innovations that may help create new and better products. Finally, companies should have fair prices for their products. The prices should match the value of the products. The prices may be flexible, but the respective companies should study the moods of their consumers before setting the prices.

Question 3: Do marketers have the ability to control our desires or the power to create needs? Is this situation changing as the Internet creates new ways to interact with companies? If so, how?

Marketers do not have the ability to control our desires or to create needs. All they can do is market their products well. This would help increase the desire to purchase the product and try it. On the other hand, it is impossible to create needs. In marketing, the word need is defined as a biological requirement such as water or food. (Blackwell, Miniard, & Engel, 2005, p. 367)

Hence, the only thing that marketers can do is create wants or recommend ways in which consumers can satisfy their needs. Despite the fact that the internet has made it possible for interactions between the consumers and companies, not much has changed concerning the above situation. This is because marketers still do not know much about the consumers of their products to manipulate them into consuming more of their products. The internet can only serve as a marketing channel. Whether to purchase and consume the product is up to the consumer to decide.

## **Key Facts of the Case**

Unemployment rates doubled up from 4% to 8.5%. The deep recession that was experienced led to changes in consumer behavior and the way they spent. This further led to decrease in sales and unexpected increases in sales patterns of particular categories. For instance, frozen supplies increased in sales while cameras had the highest drop in sales because people travelled less often.

Besides the changes in sales patterns, people started saving. In addition to that, the attitude of people towards big investments and brands changed. Everyone was scared of the big businesses and they all went for small business options. The big question is: will the people of the United States resume their ways of heavy and free spending once the economy recovers from its recession?

## **Key Consumer Behaviors that changed as a Result of the Recession**

According to the case study, one of the key consumer behavior change that was experienced was a reduction on their spending. People preferred to stay at home, eat out less and cut down on vacation costs. This can be explained by the fact that people were trying to reduce their expenses as much as they could. Another change that was experienced is that consumers started consuming some categories of products more than they did other categories. A good illustration of this occurrence is that the sales of products such as canned and frozen supplies shot up while the sales of products such as cameras dropped drastically. The explanation given for this occurrence is that people travelled less and stayed home more. Another recognizable

change in consumer behavior is that people began saving. Everyone wanted to spend less and save as much as they could, so as to have a secured future.

### **How the wheel of consumer spending explain these changes in consumer behavior**

With the recession in the economy, a number of changes in consumer behavior go in record. These changes can be explained by the fact that during the recession, the consumers were introduced to a number of new tools and techniques that help control their spending, but maximize on the much they save. An example of such tools and technologies is list making, which can be alternatively be referred to as the budget. Making use of comparison shopping sites gives a consumer the opportunity to shop where the commodities are most cheap, an enhancement to the savings (Kardes, Cronley, & Cline, 2010, p. 406). Retailers who are wise enough take advantage of this and make available to the consumers information and products that will make saving much possible. In addition to the tools and technologies that encourage saving, the search engine shopping comes into play. This is the kind of shopping where the shoppers start their shopping with specific goods in mind, one can call it purposeful shopping. Search engines work well for the consumers but in one way or another, do not favor the advertisers and retailers. The high cost and prices of commodities force the shoppers to be more purposeful when shopping and to restrain their consumption (Hawkins & Mothersbaugh, 2009, p. 547).

Assume you are the manager of a grocery store at the beginning of the recession. What changes would you make to maintain sales levels?

As a manager at a grocery store, one thing I would do to maintain the sales levels is to understand well how the consumers think, and how their thinking changes their purchasing behavior. With this understanding, I would make use available supply chain applications and information. This is based on an adage that says that a happy client will tell one person but an unhappy client will tell ten people about it. It is better to have few but satisfied customers, rather than have many of them whose loyalty to the business will not last long. Another way to maintain high sales is the use of robust social media integration. This kind of integration would provide a platform to market the business and to provide an interface between the clients and the business

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