

# Marketing assignment

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The view is widely held that consumer behavior changes during recession. According to the Office of National Statistics (ONS), 'households with annual incomes of 62,000 pounds or above would reduce their annual spend by around 3000 pounds in an economic recession'. Use examples, identify and examine the ways in which consumers in UK have changed their behavior in terms of household spending. How are some companies responding to this change in behavior? Consumer behavior Consumer behavior is the study of the behavioral characteristics of a person as a consumer.

It includes psychological, economic and social factors. "Consumer behavior is the study of how individuals or groups buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and wants. The needs and wants of consumers often vary across different cultures, situations and individual characteristics." (Marketing Management, Kotler and Keller). Proper study of consumer behavior is necessary for the improvement of marketing strategies. Economic recession Economic recession is the term used to explain the condition when the economy has fallen down.

It is nothing but a financial crisis. During recession the economy comes down and it affects the consumer behavior. Recession will make consumers more thrifty (O'Connor 2013) Consumer behavioral change during recession An individual, being a consumer undergoes lots of changes in his buying behaviors during economic recession. Consumers will always try to save money by spending less or going for cheaper items. Some of the usual methods adopted by consumers during economic recession are Save money-

due to the economic problems the recession period usually makes the consumers thriftier.

They will always go for cheaper things (O'Connor, 2013). Studies in 2009 showed that consumers buying large package sizes increased by 56 per cent and there was a 25 per cent increase in the selling of locally made cheaper brands at the same time private labeled and local food sales increased by 7.4 per cent in US (Nielsen survey, April, 2009) Changing brands- it has been observed that the people tend to switch themselves to cheaper brands due to economic crisis. A very good example for this is that; In the last 6 months almost 47 per cent of shoppers switched to frozen food and used the left over for cooking.

This one of the methods adapted by the consumers to avoid wastage. (The New Castle, England) Reduced rate of outings- people use to be more reluctant to come out of houses during the economic recession. Decline of restaurants and retail shops is a proof for this. During recession people generally rely more on buying things online. Borrowing- Another possible thing which a consumer can do while economic crisis is the trend of borrowing. The borrowing trend of consumers increased drastically during the economic recession.

It is usually called as purchasing today paying later strategy. The consumers relayed more in the system of using credit cards. Surveys of British Bankers' Association (ABA) shows that about 8.4 billion pounds was recorded on credit cards in August 2013 (Northern Echo, 2013) Escapism- this means the people are reluctant to buy more. They reduces buying of unwanted things

The response of companies. For a company to survive, it is very essential to respond according to the situation. During economic recession naturally the sales comes down.

So this proves to be a critical time for the companies too. So they have to adopt new strategies to attract consumers. Different companies have different strategies, these strategies are the marketing skills. They may provide good reward schemes (Marketing, I-J, Tremor Claws) They adapt and prepare themselves to the situation through many methods such as Lowering the price- This one of the most common and reliable methods which a (Placeholder)company can do while economic recession. It simply means selling things at a cheaper rate.

Usually they attract consumers by making discount sale. They prompt the customers to buy more things by putting more discount on larger packages. The Nielsen Survey in April 2009 proved that consumers tend to buy ore large package size(April 2009, Nielsen survey) Special offers- Consumers are more attracted by the launching of many special offers in many shops. Offers like buy one and get one free, 50 per cent discount and many other attractive schemes prompts the consumers to buy more. This helps the retailers to clear out their stocks.

Making a stronger bond between consumer and company- many companies intend to make a loyal following for the customers. This can make consumers to spend more money. By providing attractive reward plans and offering more friendly shopping (Marketing, I-J, Novo. 3rd 2010). The companies provide Loyalty cards, refunds, cash backs etc. The club cards of Tests for

the customers has zero per cent introductory rate for more than a year, is one of the methods which was used by Tests to make a stronger relation with the customers(Northern Echo, October 9th, 2013).

E-marketing- using the method of e marketing is a very effective method to improve sales. E marketing includes both advertising and selling of products through internet. During economic recession people use to be reluctant to come out, they rather prefer to stay in homes; in this case internet marketing helps to improve sales. Lenten marketing, Chaffed, Mayer, Johnston, Ellis-Chadwick) Study of Office of National Statistics (ONES) on the house hold spending in UK The following graph shows a comparison between volume of House hold spending and disposable income during the period of 2005 to 2011.