

# OBSERVABLE INFLUENCES ON CONSUMER BEHAVIOUR DURING THE CRISIS

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**Abstract.** *This paper aims to analyze how consumer behaviour is influenced during the crisis. Economic and financial crisis has changed consumer behaviour and gave birth to a new consumer, adaptable to any change to a consumer market.*

*The consumer may be adaptable to a market called chameleon.*

*In such situations, consumers have become a kind of promotions and bonus hunters.*

*Consumers are more difficult to define, understand and please, now in economic crisis, more than before.*

**Keywords:** *consumer behaviour, crisis, market, consumption, barometer.*

## 1. Introduction

The study of consumer behaviour cannot be completed without taking into consideration the factors that influence this behaviour.

The classification scheme presented, grouped as directly observable influences the demographic, economic factors, specific marketing mix and situational factors.

Demographic factors and personal influences represent characteristics that influence the decision-making behaviour of buying the banking services:

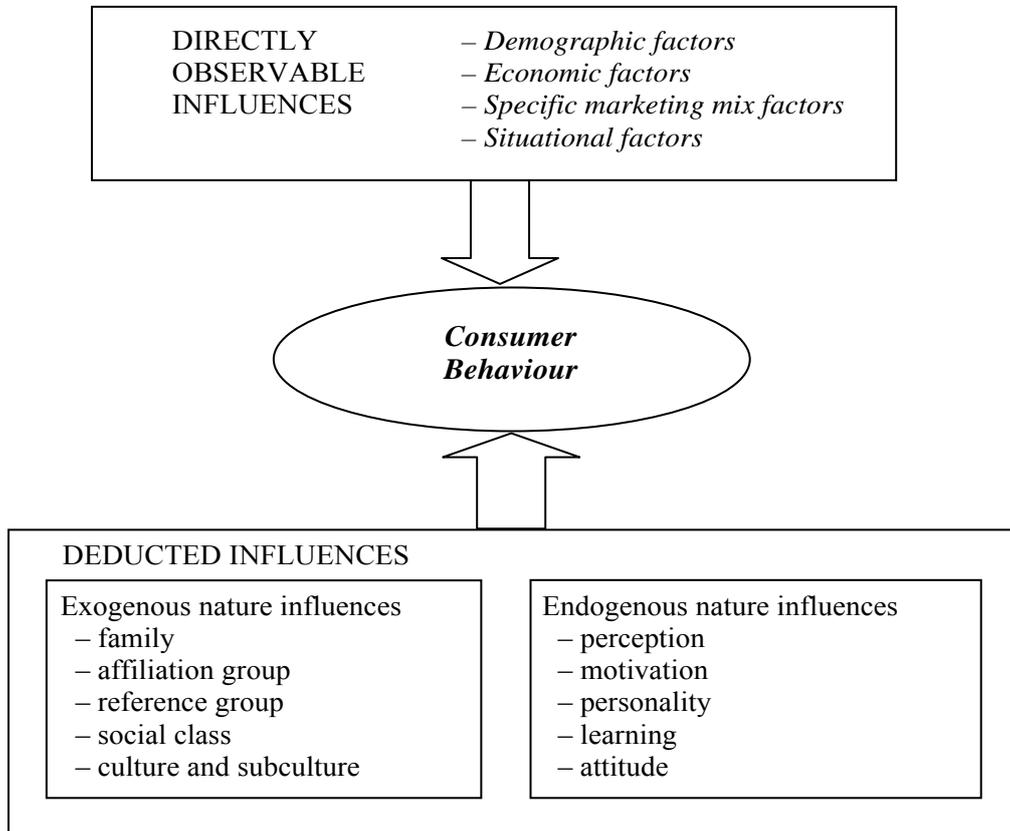
– at the individual level, these are: age, sex, level of education, race, ethnicity, marital status, occupation, employment status, home environment, size/category of home settlement, the home geographical /historic area, etc.

– at the family/household level these are: occupation and employment status of “the household head”, the household size and structure by sex and age, the family’s life cycle, the home environment, size/category of home settlement, the home geographical /historic area.

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Schematically, these factors are illustrated in the following figure (Fig. 1):



**Figure 1.** Influence factors of consumer behaviour.

Economic factors that influence consumer behaviour refers to personal income and total income achieved by all members of the household/family as a monthly average, bank products and services prices (interest rates, fees, commissions, exchange rate), the minimum wage and the environment at the level of the national economy or its branches, the population incomes and their structure by sources of origin, population expenditures and their structure by destination, the average gross/net domestic product per capita, the degree of population equipment with various durable goods, inflation, price indices, interest rate, the official national currency rate etc.

Demographic and economic factors are considered independent variables, depending on which are interpreted the dependent variables describing consumer behaviour-specific processes, which are acting

interconnected and diversifying the palette of consumers segments and types.

## **2. Overview of Consumer Behaviour Research**

There are two main aspects that define the meaning of consumer behaviour: behaviour level and level policy. From behaviour level, consumer behaviour is defined by consumer purchase, collect, use, evaluation and deal with a product to meet its demand [(Schiffman & Kanuk (2004)], that also means consumers prefer different acts and activities during products purchasing as well as the emergence of such acts and activities mainly based on the individual's willingness. We can say that consumer behaviour is both a resolution process and meeting the demand.

The definition of consumer behaviour from policy level can be: “all involved consumers’ action in the process of acquiring, consuming and processing the product or service; it also includes all the decisions before or after the operation” [Engel, Kollat and Blackwell (1993)]. Every time consumers make a purchase decision, they may play one or more roles: initiator, influencer, decision maker, buyer and user, they will play different roles in different circumstance. When consumers play the role of buyer, they will collect data before they buy products and choose a reasonable price among various products or brands. [Kotler (1998)]

There are two ways making consumer behaviour research: macro level and micro level (Yang Xiaoyan, 2003). Because consumer behaviour is linked to lifestyle; its study is based on the description of demographic characteristics of the consumers and consumer behaviour characteristics. The current researches on consumer behaviour in China are mostly made by Engel and others through measuring the four dimensions of the lifestyle: attitudes, activities, views, and demographic characteristics. In micro level, it mainly related to the behaviour of consumer’s awareness, attitude, purchase intention and decision-making process. It make explanatory research about information communication, purchase decision, product use, brand attitude etc.

There are two choices about consumer behaviour research route, one is the positivist research, and the other is the post-modern Marxist route. The former believe is that consumer’s buying process can be divided into several steps: consumer perception, cognition, attitude, decision-making, and feedback process (Loudon, 1993). The latter believe is that consumer behaviour is affected by the situation; there is no common pattern of behaviour, we need to combine consumers and environment together in

order to understand consumer behaviour characteristics. (Douglas. B. Holt, 1997). When consumers make purchase decisions, they are focused not only on product utility, but they also pay attention to the symbol value it brought (Yan Guoqiang, 2008). However, this route is deeply influenced by subjective factors and it is difficult to draw objective conclusions.

### **3. The Impact of the Financial Crisis on Consumer Behaviour**

#### *3.1. Consumer confidence declined, spending budget considerably reduced*

The global financial crisis which has seriously affected the world economy by increasing unemployment, reducing salaries, etc, has brought consumers a great psychological pressure. Consumers reduced their conscious spending.

According to a survey, as the uncertainty of economic development, jobs and security grows, the consumer confidence index in China falls from 94.5 in March 2008 to 86 in March 2009, which is the lowest point in recent years. By the impact of the current economic situation, many shopping centres foreseen that consumers will reduce their expenses. Consumers will regulate their own future consumption by reducing the number of purchase frequency, by lowering the grade etc. (Shao Changbin, 2009). Consumers were spending less for acquisition of household products, personal care products, food and beverages. Meanwhile they also buy less in the area of leisure and entertainment and postpone buying large consumer goods.

#### **3.2. Consumers become more rational and sensitive to price**

When the economic situation becomes uncertain, consumers will be more rational and sensitive than ever during the financial crisis. They change their original buying habits. In the future, when purchasing goods consumers will pay a greater importance to price and quality. They will choose domestic brands instead foreign brands and put emphasis on product efficiency and durability. Consumers pay more attention on price and quality than on style, brand and service. (Shao Changbin, 2009). In addition, when they are determined to do shopping, more consumers are doing research on the internet about products before go to stores. We take the evaluation of electronic products on web sites as an example, in the first quarter of 2009; in the second quarter visitors are more than twice,

which reach 20 million. It shows that consumers focus more on the goods and retailers for information and details in order to make rational buying decisions.

### *3.3. Consumers focus on the promotion of change*

Generally the main factors affecting retail industries are: convenience, shopping environment, quality products, variety, price, reputation and image of the shopping malls, etc. But during financial crisis consumers are turning rational and calm; they care about product prices, cost, etc. For advertising, in financial crisis, consumers attach great importance to the information collection on buying and value product performance information which ads delivery, such as product functionality, durability and so on. Consumers prefer measures which reflect their interests, for example: the price reductions. On the contrary, consumers have little interest in awards, because compared to the direct price cuts, this promotion have great uncertainty.

### *3.4. The change of consumers' shopping places*

Since consumer become price sensitive and rational, they compare information which they collect before buying. With the rapid development of Internet technology, online shopping is attractive to consumers, being practical and convenient. On one hand, online shopping is low-cost, consumers can enjoy more benefits. On the other hand, under the pressure of financial crisis and the pace of life acceleration, consumers no longer have the time shopping at the regular store and online shopping offers people convenience they need. Domestic Research Agency Airui joint Taobao issued the 2008 Report on online shopping market. The report shows that China's online shopping market in 2008 has the first time breaking 100 billion, reaching 120 billion Yuan; it is increase by 128.5 percent this shows that online shopping has gradually become hot in shopping.

## **4. Conclusion**

In the context of the financial crisis, there is no epoch-making innovation. But incremental innovation is possible and necessary. Many companies in Japan acquire substantial development through a small area of innovation. Of course, there are many cases about the failure of the Japanese retail industry, such as Japanese department stores that are worth

thinking. We should treat the successful format only as a reference, not as a copy, and certain things should be carried out as the national situation evolves. All today led to request, retail businesses should give more consideration to the consumer's point of view, explore the factors which impact the consumer purchasing decisions and seize the trend of consumer behaviour in a timely manner.

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