

Analyzing the Main Changes in New Consumer Buying Behavior during Economic Crisis

by

Lelia Voinea, Alina Filip

Bucharest Academy of Economic Studies

E-mail: lelia.voinea@gmail.com, filip.alina@gmail.com

Abstract. The negative social effects caused by consumerism and especially hiperconsumerism led, in the recent years, to the emergence and rapid growth of economic importance of new types of consumer - the new consumer - whose attitudes, aspirations and purchasing patterns are different from those existing in the past. The paper outlines at first, a portrait of the new consumer, highlighting its main features, derived primarily from the need for authenticity, which distinguishes it from the so-called traditional consumer. Amid global economic crisis, which turned out to be not only a financial crisis, but also one of capitalism, the new consumer behavior has encountered a series of changes. The recession has led the consumers to look for new landmarks: they became more economical, more responsible and more demanding. Research conducted in different countries showed that the recession had a strong economic and social impact on consumers. The paper analyze the results of some research realized in different countries in the recession period in order to highlight the main changes occurred in the new consumer buying behavior and to draw a portrait of him after the economic crisis.

Key words: changes, consumerism, consumer behavior, economic crisis, new consumer.

JEL classification: P 46, M 31

1 Introduction

Consumer behaviour has changed greatly over the last 25 years, but it has been evolutionary and the seeds of change have been apparent for generations (Kar, 2010).

Mutations occurring in the new consumer's perception of goods quality should not be understood as a quickly process or easy to locate in time.

In any case, we believe that the origin of these changes in consumer behavior is found through the introduction of the US Consumer Bill of Rights in 1963, which gave the consumer a higher status, because the Government took on the responsibility of protecting his rights: the right to safety, the right to be informed, the right to choose and the right to be heard.

From that moment, manufacturers could no longer simply produce, because the consumer needs and wants needed to be taken into account.

Consumers had choice for the first time and were aware of it (Kar, 2010).

Underlying the consumption choices is a desire to feel good, not only physical, but also emotionally. But, in the last decades, consumers have faced an explosion of product choices and it is causing so called "consumer vertigo." The consumer became increasingly anxious about choices and sometimes he chooses not to buy something for fear he will make the wrong selection.

What makes people feel good emotionally is changing now. Thus, the consumers are seeking more purposeful pleasures that last longer and offer deeper satisfactions. Impulse shopping gives way to a more considered and conscientious form of consumption. All these announce a new era: the era of mindful consumption and of new consumer.

In this paper is realized first a literature review in order to identify the determining factors of the emergence of new consumer and to highlight the main features of this one. Further, through a

research from secondary sources, it was analyzed the main changes occurred in the new consumer buying behavior during economic crisis.

2 The failure of consumerism and the emergence of the new consumer

Few decades ago, the driving force behind consumption was the desire of individuals to improve their social condition through possession of material goods, which ensured middle-class membership.

But consumerism proved unable to make people happier, especially by the fact that it did not cause an increase in welfare in other ways than the psychological ones. Excessive consumption that has created so-called "paradox of happiness", which is that once a basic level is provided, happiness does not increase with income above this limit (Drakopoulos, 2008: pp.303-315).

Hyperconsumerism has failed to satisfy the consumer, leaving him unhappy and alienated from others and from the natural world. A paradox of modern consumerism is that even as those who have come to own more, had less. Consumers are experiencing feelings of emptiness and disconnectedness. In response, they began to want real and authentic experiences. They are seeking more: more meaning, more connections, more substance, more satisfaction, more purpose (Euro RSCG Worldwide, 2010b).

That's why in recent years we have witnessed the emergence and rapid growth of the economic importance of new typologies of consumer - the new consumer - whose attitudes, aspirations and purchasing patterns are different from those existing in the past.

Because the new consumer largely exhausted the things he must bought, he is focusing instead on what he wants to buy and is therefore looking for opportunities and experiences that could make life happier and more satisfying.

New consumer focuses even more on the original products, innovative and distinctive and on the services. As a result, it tends to reject goods produced and sold in mass for products and services that can claim to be authentic in some way.

If in the past every major aspect of a transaction, from the price paid to distribution channels available, was dictated by the manufacturers and suppliers in the new context of market, power is transferred more and more to consumers who are increasingly able to dictate not only what they'll buy, but how and where the goods they purchase are made and even for some products, what they are willing to pay for it. The new consumer has become a major player in an increasingly fragmented market, contributing also to the increasing in its fragmentation.

While traditional consumer was usually not involved in production, conformist, and most often uninformed, the new consumer is individualistic, involved, independent and generally well informed.

Lewis and Bridger (2000) show that mutations in the new consumer behavior derives mainly from its desire to purchase authentic, stressing that the main difference between these two types of consumers is that, while the consumption behavior of traditional consumer was largely motivated by a need for comfort, the new consumer behavior is determined by looking for authenticity.

Authenticity is the new consumer mind equivalent to that level of quality able to produce him fascination. It has become a new quality standard, and manufacturers must strive ever more to achieve it, in order to ensure the authenticity of their products that the new consumer seeks.

The search for authenticity determined the new consumer to become individualistic. New customer assumes the freedom to seek those subtle differences that distinguish an authentic product from one produced in series. For the

uninitiated, subtle differences might go unnoticed. For new customer, however, differences are a source of pride and self-assertion, because in his view, it symbolizes not only belonging to an exclusive group, but is also a stamp of authenticity.

To ensure authenticity of products and that what he are buying exactly matches its needs, the new consumer is often more closely involved in the production and/or consumption process, this approach aimed at health protection of his family and respect of certain ethical principles.

Traditional customers, although sometimes engages in production or consumption, are generally detached and more likely to accept what they offer. They addressing quality as according to a referential (standard, technical regulation), trust that producers provides them goods that will meet their expectations, without having to enter the depth of things.

Information is the fuel that operates the new consumer. Due to expansion of information technology and the Internet, information is now cheaper and more accessible than ever to consumers. The permanent need of the new consumer to be informed is justified by the fact that information, opening many ways to choose, permits him to make more careful judgments about future purchases, and thus providing greater control over expenditure. New customer check labels and study the content of products, compare prices, review brands promises, weighing options, puts pertinent questions and knows his legal rights.

All these pave the way for a consumer to become better, more active and more responsible.

In recent decades, new information and communication technologies in the world have been suffered dramatic changes, more pronounced in recent years with developments in information technology which increasingly transformed reality into a virtual world.

Currently, the new consumer is characterized primarily by cynical attitude manifested for

classical advertising (which tell him to buy something, but not to explain why) and Internet addiction, the media that enjoyed a growing confidence on the part of consumers and from which it gets information that it directs the buying decision (Onete et al., 2010).

We note therefore the obvious tendency of decreased consumer's confidence in brands, displayed simultaneously with that of increasing their confidence in the opinions of others. Consumers credit less and less the brand message transmitted through TV commercials, they are more inclined to take into account what others tell them, with which interact in different environments, especially online. These are the conclusions drawn from the study "The New Consumer Study", conducted in 2009 by the Euro RSCG Worldwide, showing that the new consumer clearly have increasingly higher confidence in online content generated by their peers and therefore uses the most of online tools to connect with others and to document in order to make the best purchase.

Consumer choices are made increasingly more and more on the basis of social media information. In addition to deciphering the advertising message and reading the websites of companies, consumers use different online formats (forums, chats, blogs, etc.) to share ideas, to form communities and to contact their peers. As pointed by Kozinets (2010) social media is increasingly seen as a more objective source of information and all these communities have a real existence to their members and therefore have effect on many aspects of behavior, including buying behavior.

3 Mutations in new consumer buying behavior during the economic crisis

The global economic crisis has determined many changes in the new consumer behavior and has led the vast majority of consumers to look for new landmarks: they became more economical,

more responsible and more demanding. Many market researches realized in the last three years showed that.

An U.S. study realized in 2009 by Booz & Company, which involved a total of 2000 consumers, confirmed that a “new frugality” appear at the beginning of the recession and highlighted the first two years of declining consumption per capita, was so strongly rooted among American consumers and it changed their consumption patterns in such a manner that is expected to persist even if the economy recovers. This new frugality, characterized by a strong awareness of the value that dictates compromises in terms of price, brand and comfort, became the dominant mentality among U.S. consumers, as shown by M. Egol, A. Andrew Clyde and K. Rangan (2010).

The study mentioned above revealed that 65% of American consumers increasingly using coupons more often, preferring to buy at low prices at the expense of comfort shopping, focusing on saving. The new frugality and value consciousness, which now directs consumer behavior, does not apply to products such as “opening price point” (OPP) (produced with the lowest prices at branded retailers).

Consumers continue to buy the products at different prices, in turn they need more reasons to justify the purchase, regardless of price segment of which the product belong. They refuse to buy at higher price unless they clearly perceive quality advantage. If they are loyal to some brands, they prefer to wait for a price drop, by promotions or discount coupons. Inherent behavioral differences in this new frugality are reinforced by demographics, including income, gender, ethnicity and age. For example, although in general, consumers buy products in different price categories, there are certain segments of the population (such as women, people with low income, middle-aged people) seeking to make savings, buying products at reduced prices (Egol et al., 2010).

A study made in 2009 on a sample of 2400 people in France, U.S. and UK, by Euro RSCG C&O, in partnership with Harris Interactive, was aimed at understanding the factors that influence preferences and consumer choices and sketching a portrait of him after the crisis. The study showed that most consumers surveyed changed their consumption behavior by adopting a logical standby or a replacement, distinguishing their purchases or dropping different brands.

Thus, before being interested in the price of products, consumers are asking questions about their usefulness (64% of respondents wonder whether they really needed, 60% if the product could not find a lower price elsewhere and 59% if they can afford to acquire). In the context of crisis, perhaps contrary to many expectations, quality is what comes first for the new consumer before the lower price. Consumers surveyed defined quality by: looking for healthy products (42%), looking for strong and sustainable products (47%) and for responsible products (<http://www.eurorscgco.com>).

So, we notice that the place of the reckless consumer was taken by the temperate consumer, doing permanent arbitration. New consumer seems to have understood that true progress is to consume better, not more.

Research conducted by Euro RSCG has found that in the countries surveyed, the crisis has caused a net slowdown in consumption. Apart from modifications in the priorities of consumers, the crisis has substantially changed the perception and representation they have on brands and their benefits.

The results of an online survey, realized by Market Probe International (in 2009 and 2010), on 5700 adults in 7 markets (SUA, Brazil, UK, France, Netherlands, Japan, China) show three keys to understanding the relationship between consumers and society in the post-crisis period :

- *A high sensitivity to risk.* Although economies of the developed countries are on the rebound, the consumer anxiety remains high and it has

its roots not so much in today's reality as in imagining what tomorrow might bring. The consequences of this sensitivity are: reticence to make long-term decisions, avoiding risk will be the main reason in taking decisions, consumer orientation towards the brands that manage this risk.

- *Consumer depression echoes societal problems.* According to David G. Myers (Hope College psychologist) young adults nowadays grown up with more plenty, less happiness and a greater risk of depression and assorted social pathology. The widespread discontent of modern life on both a personal and societal level affects the mental health. Consumers have forgotten the essential in their endless search to consume more with less effort.
- *Consumers seek for change and know they can rely only on themselves.* Recession is an opportunity to step back and think deeply. They will look for something "bigger than self", from "active pessimism" to "proactive mindfulness". Despite their anxiety, people are changing the status quo and take greater control of their present lives and futures. A primary way in which they will do this is through their consumption choices. Their strongest means of power and influence it is the advent of "proactive mindfulness".

4 Conclusions

Each feature of the socio-economic situation has substantially changed not only the way the new consumer purchases, but especially what they are buying and why they are buying. In developed countries, new consumers are more economical, more responsible and more demanding than traditional consumers. Currently, new consumers are increasingly aware of all aspects involved in purchase of products, from design, safety, origin, to their social and economic impact.

Thus, consumers have become more vigilant new and more aware of their ability to influence the world with their consumer choices (Salzman and O'Reilly, 2010).

During the economic crisis a series of parallel steps have made their presence, resulted in the new consumer orientation on organic products or on fair trade products. Thus, a particular point of view, the crisis served as a mini - electric shock, announcing a new era, maybe the era of responsible consumption.

In Mansoor (2011) opinion, the main changes in the new consumer behavior, which are the result of economic recession could be summarized as follows:

- *The need for simplicity:* during recession consumers are accustomed to limited offers and tend to simplify their demands, so that after the crisis is expected that they will continue to accept simple offers, but with greater utility.
- *Temperance:* even rich people save, although they are not required to do so. This is one way they show their dissatisfaction on excessive consumption. They began to recycle and to teach children traditional values.
- *Smart consumption:* consumers today are "agile" and act quickly to price changes, with the ability to change brands looking for the lowest price, sacrificing the quality and loyalty.
- *Green consumerism:* this trend slowed during the recession because people are not willing to pay more for certain products that can be substituted with others with cheaper price. The demand for environmentally friendly products has declined during the economic crisis, but anticipated a recovery after the recession.
- *Ethical consumerism:* people are less willing to charity actions, because they are more concerned about the welfare of their families. In this case, is expected to rebound slowly.

Acknowledgment

This work was cofinanced from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007-2013 project number POSDRU 89/1.5/S/59184 „Performance and excellence in postdoctoral research in Romanian economics science domain”.

References

- Drakopoulos, S.A. (2008), The paradox of happiness: towards an alternative explanation, *Journal of Happiness Studies*, Volume 9, No. 2, pp.303-315;
- Egol, M., Andrew Clyde, A., Rangan, K. (2010), The New Consumer Frugality, www.strategy-business.com/article/00023?pg=all, Accessed 2/06/2011
- Flatters, P., Willmott, M. (2009), Understanding the post-recession consumer, *Harvard Business Review*, 7(8), 106-112;
- Kar, M. (2010), Consumer behaviour over the last 25 years, *Oxirm Research Themes*, Oxford Institute of Retail Management, The Retail Digest, pp 46-53;
- Kozinets, R. (2010), The Field Behind the Screen: Using Netnography For Marketing Research in Online Communities, *Journal of Marketing Research*, Number 39, pp. 61-72;
- Lewis, D., Bridger, D. (2000), *The Soul of the New Consumer: Authenticity What We Buy and Why in the New Economy*, Nicholas Brealey Publishing, London;
- Mansoor, D. (2011), The Global Business Crisis and Consumer Behavior: Kingdom of Bahrain as a Case Study, *International Journal of Business and Management*, Vol. 6, No. 1; January 2011, pp. 104-115;
- Onete, B., Voinea, L., Dina, R. (2010), Dimensions and Evolutions of the New Consumer Concept in Romania, *Current Issues in Business and Law Journal*, nr. 5 (2), 2010, Vilnius, Lituania, pp. 341-355;
- Salsberg, B. (2010), *Japanese New Consumer*, McKinsey Quarterly, Issue 2, p80-87;
- Salzman, M. și O'Reilly, A. (2010), 10 Trends in Mindful Consumption, <http://www.thenewconsumer.com/2010/10/29/10-trends-in-mindful-consumption/>, Accessed 24/05/2011
- Ulvoas-Moal, G. (2010), Exploring the Influence of Spirituality: A New Perspective on Senior Consumers' Behavior, *Advances in Consumer Research* (Volume 37), pp. 917-919;
- ***Research and marketing. (2009). The global economic crisis: the impact on consumer attitudes & behaviour in the United States, [www.researchandmarkets.com/reportinfo.asp?cat_id=0&report_id=1057010&q=The Global Economic Crisis: The Impact On Consumer Attitudes & Behaviour s in the United States&p=1](http://www.researchandmarkets.com/reportinfo.asp?cat_id=0&report_id=1057010&q=The+Global+Economic+Crisis:+The+Impact+On+Consumer+Attitudes+%26+Behaviour+s+in+the+United+States&p=1), Accessd 16/05/2011;
- ***Euro RSCG Worldwide (2010)a, The New Consumer in the Era of Mindful Spending, Prosumer Report, volume 8, 2010;
- ***Euro RSCG Worldwide (2010)b, The Emergence of the New Consumer, Prosumer Report, volume 11, summer 2010;
- <http://www.eurorscgco.com/Upload/Actualites/CPEtudeCrisetConsommation.pdf>;
- <http://www.sequoia.com/actualites/2254-le-nouveau-consommateur-en-attente-de-marques-plus-humaines-et-responsables.html>, Accessed 20/05/2011

Authors description

Lelia Voinea, Ph.D. is a Lecturer in Business, Consumer Sciences and Quality Management Department, Academy of Economic Studies from Bucharest, Faculty of Commerce. Her research and teaching covers Food Science, Fundamentals of Commodity Science, Design and aesthetics of merchandise.

Alina Filip, Ph.D. is a Lecturer in Marketing at the Marketing Department, Faculty of Marketing, The Bucharest Academy of Economic Studies, Romania. Her research and teaching interests encompass relationship marketing, customer relationship management, business to business marketing and international marketing. She has participated in research projects and various publications in the field of marketing.