

CONSUMER UTILITY THEORY TO BUSINESS MANAGEMENT

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Abstract:

The purpose of the work was to identify the factors determining the dynamics influencing consumer behavior. The theme of this topic is based on the importance of consumer behavior in running a business. Purchasing behavior following processing is realized not only the needs that were the basis for decision making (thirst, hunger, cold, prestige, self-image, etc.), but also information on which choice is made (quality, design, taste, color, reliability). We propose in this study to achieve an interpretation of consumer behavior and identify influences business or business can influence it.

The research studied the following topics: Factors influencing consumer behavior; Study of Consumer Behavior Patterns; The importance of the consumer; Consumer influence in running the business.

From our studies we found that it is a topic of interest, studied and treated by the producers of science. Studying consumer behavior is very important because it helps a lot in running a business, in collaboration with some partners and even to differentiate yourself from competition

Key words: customers, consumer behavior, factors influence, business management

JEL classification: D11, D12, P46,

INTRODUCTION

School that treated this subject is the Austrian school. The starting point is when Carl Menger published “The Economy Principles” in which the great teacher develops the main concepts of economic subjectivity as a priori features of a resource which must be evidenced by a good: the existence of human needs; properties resource that is worth its effort to attract a causal relationship with the satisfaction of needs, knowledge of this causal relationship, control of resources sufficient for its targeting to meet a need. [5]

It has been demonstrated that not always, the individuals have a decent behavior under standard circumstances. Otherwise, there probably would not exist market exchange. If there is competition and on the market is not even a single bidder, or an individual to the possession in excess of that property to become a hindrance as anything useless, then a newcomer on the market characterized by scarcity of those goods would know for sure that if he brings the smallest amount, with the questionable quality of that good will be able to sell immediately. Otherwise, the normal competitive conditions, both buyers and sellers gather first information and weave in mind a number of ideas each representing an option that can achieve the purpose for playing in that market. It is considered a high importance to study information needs of consumers and producers about the offer, but nevertheless no one can forecast that supply will be approved by the consumer: consumers are not buying if it is cheaper than the other, with resources, they first like quality, regardless of cost, another do not buy other one than the locations that meet certain standards, architectural, hygienic than other individuals do not buy expensive goods, believing that only proof of the high price is finally individuals other than do not buy products preference, “the firm”, whatever the price, perhaps not understanding that they pay big money just need a good imagination claiming consumption. [4]

Consumer behavior is influenced by a multitude of factors that may be subject to interdisciplinary research and the analysis can use knowledge of the following areas: psychology (general, economic, social), sociology, psycho-sociology, anthropology, economics, medical, legal, etc..

IMPORTANCE OF CONSUMER BEHAVIOR

Consumption is of general interest, because everyone produces or performs a certain activity is concerned that it could be consumed to develop their business in no time. When you think about the consumer inevitably you are led to its vector which is the consumer. If you would know very well where consumer behavior could always just build successful businesses and products that fully satisfy customer needs.

Always consumer wants the best conditions with the smallest effort to meet the need. The economy was the first discipline to treat this issue and said the steps leading to the act of buying. Economic theories that have addressed this issue are divided into three schools of thought: classical economic theory, theory, and the new neoclassical economic theory.

Classical economic theory conceives consumer behavior as always a rational choice. After nearly a century, scholars continued the study of theories of classical economics neoclassicism, but with some nuances, reflecting the new data reporting their surrounding reality. Theorists as L. Walras, S. Jevons, Menger, C., V. Pareto, Fr. Wieser founded the theory of "rational consumer". The theory speaks of a consumer trained, aware, capable of both quantitative assessments and qualitative, but also has, a passive role regarding the market as a whole.

The new economic theory has reviewed the whole theory of consumption and the consumer and, its main representatives G. Becker, and H. A. Lapage Wolfespenger felt that the process of consumption, the consumer is not a passive but an active one, he being capable of assessment, and that the consumption level of income is not determined only available when the analysis. G. Becker opens new theory to consumer research, to which he attaches wage rate as cost of time to market. In this model, the individual operates choices that continuously enable it to arbitrate between leisure and working time. [5]

Economic Psychology defines consumer behavior as all acts, attitudes, and its decisions on the use of his income to purchase goods, services and savings. The main areas of consumer psychology are: Checking the effectiveness of advertising, consumer opinion research, research consumer attitudes, psychological market segmentation, product testing and research environments devoted to consumer behavior.

Consumer behavior is shared by a classical distinction in two major areas: purchase behavior and consumer behavior. Consumer and buyer are not always the same person, a good or service may be purchased by a person and be used by another. All this leads to two behaviors of a consumer and a buyer who can make vital information. The buyer is the person who offers, accepts and pays a price for purchasing a product / service that may or may not be used by that person, while the consumer is the person who receives, uses or consumes, the recipient / beneficiary of the final products or services.

Over time scientists have been concerned with the study of consumer behavior and trying to explain it to describe it by appealing to different theories and models, as follows:

a) The Marshal - purchasing decisions and the actual purchase of goods or services are rational and aware of the effect of economic calculus, so people buy those goods that are deemed to satisfy the highest needs, but with consistent taste and rational the price they have to pay. [8]

The model originated in the writings of Adam Smith and Jeremy Bentham and starts from the concept of marginal utility value of various goods and services. Examine the effect of changes in one variable - the price - over consumer behavior, considering behavioral all other variables constant.

The theory involves measuring the intensity of needs, attitudes, motives, etc.. consumer associated with the so-called "ruler for measuring business. " Requires considerable importance to the study of prices and incomes in marketing research, change their respective effects on consumer behavior.

b) Pavlovian model - based on learning theory and consumer behavior study through four concept: impulse; suggestion, rectum recurrence. Practical research consumer attitudes relative

turns out to be so difficult and expensive because it is not actually about the direct approach to the process of behavior, but by studying its "mirror" the existence of opinions offered. [8]

c) Veblenian model - is a social-psychological model that suggests the research development and motivational theory based on conspicuous consumption. The model postulates the idea of determining consumer behavior in terms of motivation, not so much imposed by needs, but because of the desire to obtain a certain prestige. According to the model levels at which society influences consumer behavior are: culture, subculture, social class, reference groups, membership groups. [8]

d) Hobbesian model - is also encountered as factors of organization, brings the issue of human behavior that is associated organizations. This pattern of behavior puts the focus on goods and services to institutionalized collective entities. The complexity of studying this type of consumer behavior is enhanced by the wide range of products and services specific to the organization: from consumer goods or services that consumers are interested in the type of individuals and families to very specific goods or services. [8]

The influence of consumer decision-making process directly or indirectly by a number of factors driving the purchase decision and consumption. We found that specialists consider that consumer behavior knowledge can be understood by the system of factors that inter-operate closely and directly. Specialists in the field have presented different views over time on the types of factors that exercise influence on consumer behavior. The purchase price to pay not only necessary but also to make the right choice. To choose means to decide. Determining a person needs to buy can be tools - an emphasis on objective characteristics, functional product - or hedonistic - which interest flows on subjective aspects, aesthetic pleasure generators. The buyer is charged in the decision of a problem as completed to respond as accurately: what to buy? How to buy? Where to buy? When to buy? How to buy? And what to buy? [13]

I believe that the the following factors influence consumer decisions

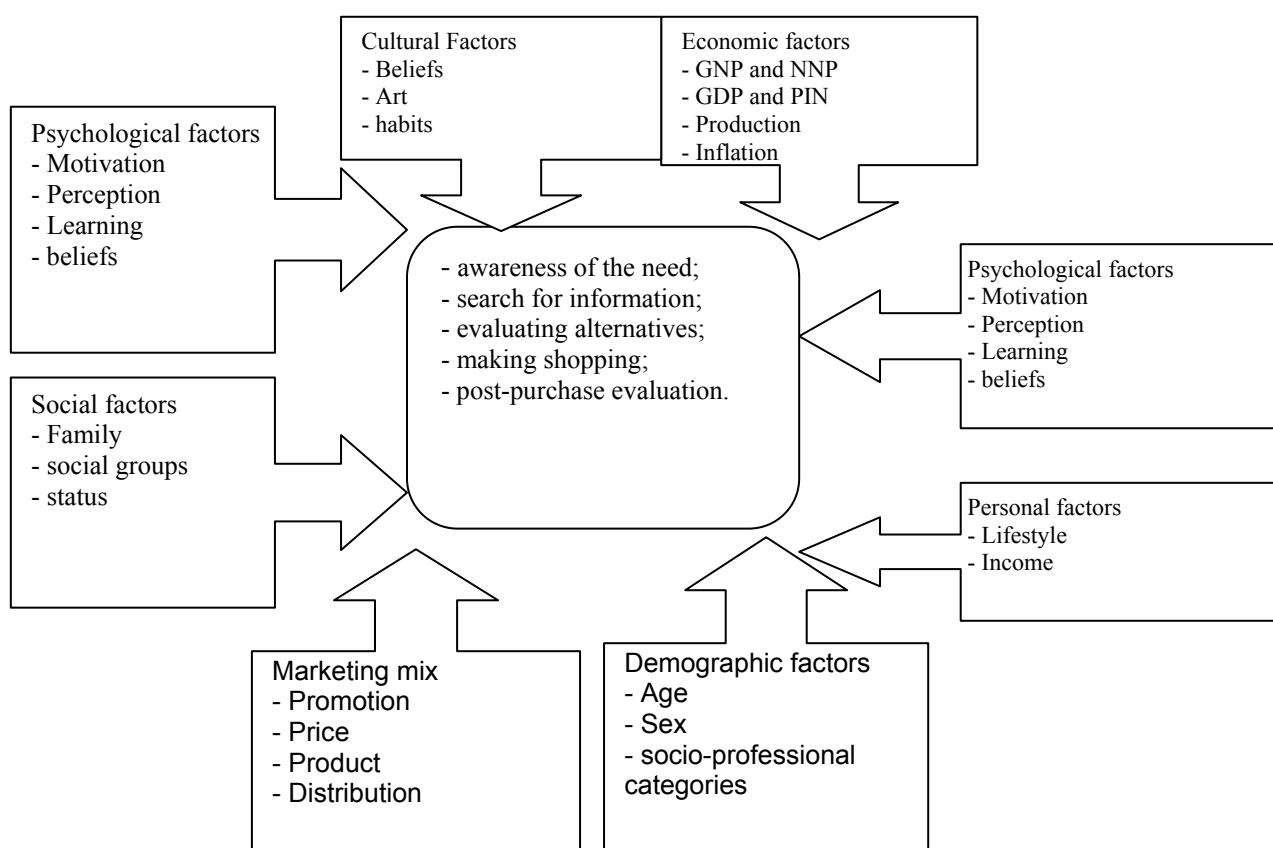


Figure 1. Factors that influence consumer decision

Source: Daniel George Ardelean - PhD thesis - Consumer behavior of banking products

Consumer behavior can be explained only by the study given to all factors and not treated sequentially. Each factor is an endogenous or exogenous influences on consumer behavior. Cultural history of the individuals have a significant influence on consumer behavior and the decisions they take in purchasing activity. Belonging to a social class, reference to a particular group, level of culture, occupation influences how the individual during his life, treats consumer goods. Analysis of consumer behavior in the goods and services must always take account of culture, subculture, tradition, customs, beliefs, membership in a particular area of the consumer, to a nation, ethnicity, etc.

Information on religious cultural meanings, it is very important and should be taken into account when it monitors the launch of new products and their distribution or entering new markets. It is necessary to tailor products according to the culture of potential customers, in any case will not launched a product to eliminate bugs in a Tibetan area, where belief in reincarnation dominate other religious faiths. As for Tibetan kill insects, may mean killing a person who reincarnated in later life, in an insect or any living being. Or do we try to sell summary clothes for women, which stripped the body in an Arab country, because it is known that their culture is to use loose garments that cover the body entirely. These exemples, are determinating us to see that is very important for our business to know what consumers we are addressing. [13]

CONCLUSIONS

The consumer is a trader, which is characteristic of its purchase and consumption of goods, starting from a given disposable income. He maintains relationships with other businesses through various operations. Thus, the consumer is linked to the business that provides labor and wages arising from, but also through the purchase of products and prices that he agrees to pay in exchange.

With a limited income, the consumer is forced to decide on its rational use as defining its judicious expenditure structure.

Consumer utility theory approach to business management involves identifying all the theories that could lead to a much greater certainty in the area of business. The goal is not to maximize economic production but to produce what is needed. When you manage a business is very important, first, the behavior you have to your own customers, respectively you should behave as a "waiter" that goes and takes the order - what do you want ?

I think it is very important in managing a business to use as a starting point to find the most simple answers, namely: why? where? when? For whom? how much?. It is so important to know your business partner - the consumer because without him you don't have sense, why to exist?

Why? - is very simple, it appeared that the individual has a series of needs that must be met with a lower priority or higher. We can not only choose what we want to serve and so we take the control, actually listening to him, what needs to be satisfied.

Consumer behavior includes all activities involved in the selection, purchase, use and disposal of products and services. I believe that we need an analysis of consumer behavior because it is dynamic, very different from one person to another and can be influenced, it can learn and can change attitudes and behavior.

Factors that determine the behavior of consumers on purchasing a good or service is not only the physical needs (food, shelter, clothing) and do not depend exclusively purchasing power (price, income). Most theories consider consumer behavior as a function determined by socio-cultural and personal traits. I believe that socio-cultural factors which show the greatest influence on consumer behavior, such as class and social position, family and group behavior (reference group).

Consumer behavior is influenced in the same position and personal traits are important as age and stage of life cycle, the economic situation of the person, occupation and education,

motivation, perception, learning, beliefs, and attitudes, personality and self-image, de-throughout life, changing consumer preferences for products, there are other needs.

Economic situation is affecting the person as consumer behavior especially in terms of quality, quality and price is reasonable features.

Consumer behavior gives the possibility of making an interdisciplinary study, this could be studied as well as economic relationship between supply and demand, need, desire and satisfaction level. In terms of where it can create some marketing strategies tailored to each type of consumer and identification of successful approaches. Such discipline may use advertising secrets to "help" the consumer to choose. I believe that advertising is very important and also manipulative.

Consumer behavior can be studied psychologically in an effort to find out who is actually our consumer. This shows us the psychological or physiological reasons for consumer, social, economic, etc. affiliation. to repeat the purchase process.

Price is an important feature in studying this topic because there are people who can not afford the economic, others who are willing to pay a higher price to make sure quality, while others want to buys just because it is expensive to confer a certain status (model Veblenian).

It is very likely to not get too joys of a good management of the business although it may have put the consumer first, but it can no longer afford to be because your client company who lives in one step down the social hierarchy (Marshallian model).

Always meet the need to pursue our client and then to have a healthy business. According to the principles of the great authors have written to him that:

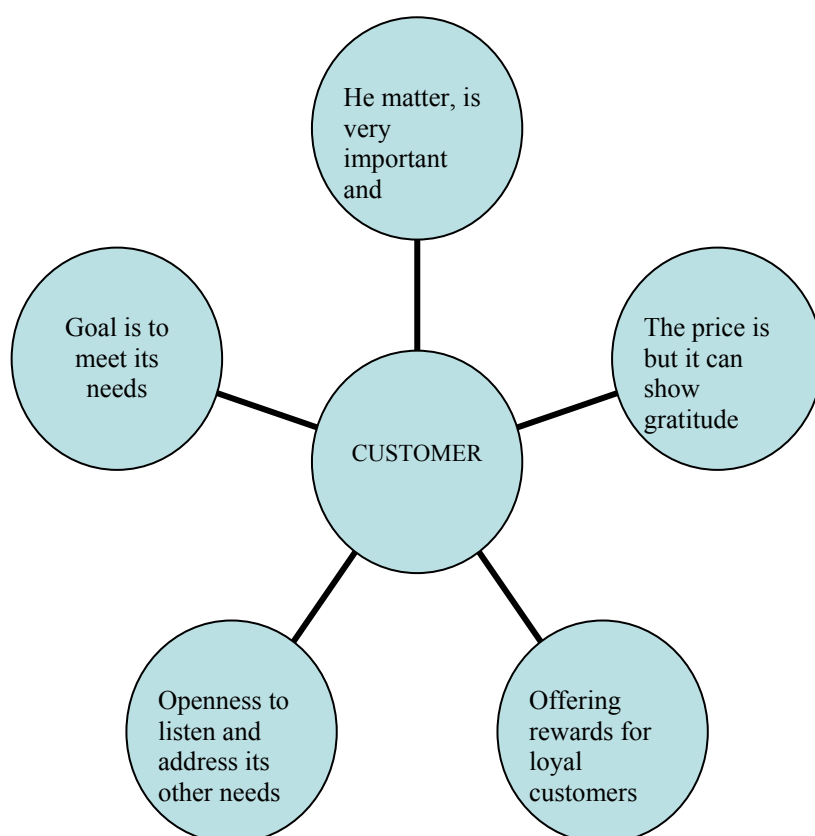


Figure 2. Rewarding consumer

Source: Iacob Cătoi, Nicolae Teodorescu - Consumer Behavior. Theory and Practice, Publishin Economică, 1997

A happy and fully satisfied customer brings more customers but rumors said by a disgruntled client brings more losses.

Own opinion about the personal views I believe that the opinions expressed concerns consumer behavior and the benefits of this manufacturer. But they are based on a short-term research, which has its own influence but not novelty.

I believe this topic requires a much higher training in both theoretical and practical. To use an abstract approach, with general carcter I think does not lose its focus from day to day.

ACKNOWLEDGEMENT

"The work has received financial support through the project entitled" Doctoral: an attractive career in research, contract number POSDRU/107/1.5/S/77946 financed by European Social Fund Operational Programme Human Resources Development 2007-2013. Invest the People!"

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