

*Economics*

## Some Aspects of Consumer Behavior as an Object of Marketing Research

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**ABSTRACT.** Consumer behavior, one of the important objects of marketing research, provides the best answer to the problems of consumers' active role in conditions of market economy. The idea of the goals and objectives of consumer behavior in modern marketing has developed from the theoretical foundation laid by marginalists. In general, from the aspect of marketing as well as from the point of different subjective and objective factors influencing decision-making about purchase, consumer behavior is the assessment of consumer's readiness for purchasing. However, modeling of the end consumer is still a topical problem. Everything existing beyond the predictable (rational) model of behavior is the subject of psychological research. There is no explicit description of the mechanism of decision-making about purchase as it is for customer order, i.e., fixed amount of need state. There is no general approach to the research of the marketing efficiency models for product promotion in competitive environment or the model for competitive production management considering the regularities of consumer behavior. It is necessary to work in the following directions to achieve a breakthrough in the solution of the above-mentioned problems: Develop a clear idea about the origin of customer order as the starting point of decision-making about purchase; Analyze the consumer's active behavior and its role in formation of customer's order and decision-making about purchase at every stage; Upgrade the models of competitive production management, considering elements of consumer behavior. ©2013 Bull. Georg. Natl. Acad. Sci.

**Key words:** *utility, consumer behavior, customer order*

Generally, consumer behavior, one of the important objects of marketing research, provides the best answer to the problems of consumers' role in conditions of market economy.

A significant contribution to development of the subject "Consumption and Economics" was made by representatives of the marginalists. Marginalism is one of the methodological principles of economic theory based on the use of marginal values in the research into economic laws and categories. From our point of view, rational human behavior in the

market economy is one of the basic principles marginalism relies on.

The origins of marginalism is related to the names of H. Gossen, A. Cournot and J. Thünen publishing their major works in the middle of the 19<sup>th</sup> century. Of them Gossen was the first to lay the foundation of the theory of marginal utility.

The mid-19<sup>th</sup> century was the period of prosperity of free competition in economics. And it meant that product promotion from the producer to the customer depended just on the consumer behavior.

Does not the same factor determine consumption interest in this country?!

What is H. Gossen talking about in his laws? - About quite clear things from the point of view of common sense; about what a man repeatedly experiences at the level of consciousness.

Our contemporaries know, the psychologists state that human consciousness cannot keep in the visual field thousands of consumer objects "serving" him throughout life. The range of its action is limited to just two or three hundreds of them, the others "are moved away" to its periphery. Gossen based his laws on this very mechanism of consumer conscious activity.

According to his observations, consciousness leaves the least satisfied demands in the active field sending highly satisfied demands to the passive zone. Indeed, this is a fact and nothing can be changed or altered.

Primarily, consumption, with all its varieties, is a scope of subjective factors.

Gossen's ideas found development in the works of the so-called Austrian school, the leading representatives of which were C. Menger, E. von Böhm-Bawerk and F. Wieser. Their goal was to systematize, extend and specify the "feedback" effect of consumption on production.

The 20<sup>th</sup> century put the ideas of marginalism in a new orbit. What was happening in the world at that time? The era of free competition was ending. Formation of monopoly concerns was in an active phase. The USA and the West European countries slowly but steadily fell into a protracted economic crisis. Against such a background there appeared the work of such prominent representatives of marginalism as Walras and others working on their theories. With his major work "Elements of Pure Economics", written and published in 1874-1877, Walras represents one of the founders of the theory of marginal utility. Then he developed his ideas working in the direction of general equilibrium theory.

The influence of monopoly manufacturers on the state of demand is well observed in the works of

V. Pareto (1848-1923), J. Clark (1847-1938), A. Marshall (1842-1924).

A. Marshall (his major work is "Principles of Economics", 1890) one of the prominent economists of that time, contradicted W. Jevons of the Austrian school by stating that the subjective sense of demands and expenses are mutually complementary. Supply and demand determine price. Demand depends on utility diminishing according to the degree of saturation. Marshall introduced the term of consumer utility (difference between total and marginal utility). Also, he introduced the concept of elastic demand in economic theory, i.e., consumer demand dependence on price.

J. Clark developed the theory of marginal productivity of labor further stating that labour and capital productivity decrease in the process of production. Such a theory explicitly explains the necessity of application of the outcomes of scientific and technical progress at those points, where marginal utility of consumption in its feedback effect reaches the means and instruments of production.

Interestingly, V. Pareto was a greater "objectivist" than his colleagues. He tried to refine the theory of equilibrium by clearing it of psychologism. This is a quite normal response to the outer course of events, where real influence of the consumer on the demand continues diminishing. Nonetheless, Pareto leaves the right to the consumer to influence the demand at the expense of his ability to form the order of preferences of one good over another.

The above-mentioned representatives of marginalism laid theoretical foundations to, on the basis of which the idea of the goals and objectives of consumer behavior in modern marketing developed. In short, this inheritance arrives at the theory of rational behavior as the basis of preference in conditions of resource shortage.

Marginalism opened the door to quantitative evaluation of utility and thereby consumption became the object of research in specific fields of science including marketing. Today there is no significant flow of economic thought existing without studying the analysis of expectancy, introduced by

marginalists as one of the instruments of consumer behavior.

Further development of these ideas led V. Pareto and J. Hicks, major contributors to the development of the theory of ordinal utility to the conception of the indifference curve.

Virtually, late marginalists “refused” the consumer’s ability to reveal utility of some subjects, but they attributed such ability to consumer basket.

J. Hicks’ works represent “progressive ousting of “marginal utility” from the economic science.” Instead, there appeared a category of marginal norm of replacement of one good with another.

However, the main thing is that analysis of the indifference curve allows to research consumer behavior in terms of price fluctuation.

Consumer behavior as the object of marketing is not an end in itself. In marketing, consumer behavior provides a shorter and faster way for goods to the buyer. Therefore, in general, from the aspect of marketing as well as from the point of view of different subjective and objective factors influencing decision-making about purchase, consumer behavior, first of all, is the assessment of the consumer’s readiness for purchasing.

In the marketing system, consumer research issues the challenge to identify the whole complex of stimulating factors the consumer is guided by in selection of goods. In this respect, the process of modeling the end consumer is supposed to be carried out according to the prominent scientist Kotler. This includes the following stages:

- Awareness of need;
- Search and evaluation of information;
- Evaluation of alternatives;
- Purchase decision-making;
- Evaluation of choice rightness.

The question is to describe the processes preceding the purchase and to evaluate the choice rightness according to the consumption results.

Indeed, the logic of the approach to the problem is perfect because it covers all the events accompanying the consumer’s behavior in the process of decision-

making about purchase and possible revision of the decision made.

Actually, there cannot be any purchase without the demand for the product; the individual cannot make an instant purchase-decision unless he is involved in the process of choosing the best alternative, etc.

Besides, it should be noted that while putting the question in that way the consumer behavior turns into one of the many problems of marketing along with many other problems: principles, functions, segmentation, commodity policy, etc.

There are compensatory and non-compensatory models of consumer choice.

The “expectancy-value model” is a compensatory one since it assumes that the positive information about the product perceived by the individual may be really positive, as the individual expected, or might be bad. According to the “expectancy-value model”, consumers assess goods and services basing on their beliefs (both positive and negative) about the trade marks in the order of significance. However, quite often consumers do not want to spend much time and effort on the assessment.

In non-compensatory models final choice is not always made according to the coefficients of their value. Examination of just one or two properties facilitates the decision-making process for the buyer, but at the same time it increases the probability that an individual could have made another choice by means of profound analysis [6: 224-225].

In the work of A. Dayan [3: 20-25] consumer behavior is exposed by a model where the purchase process is influenced by a number of factors: marketing variables (product, packaging, price, advertising, etc.); external and situational factors. According to Dayan and some other authors, all of them are combined with individual factors (experience, motives, perception) and the act of purchase. Actually, previous authors stated the same. As a peculiarity, it should be noted that here the pivotal element of behavior is the personality factor, while the role of external factors is also specially emphasized. The work of the French author Jean-Jacques Lambin “Strate-

gic Marketing” is a certain step in profound research into consumer behavior. Firstly, both contents and structure of the mentioned book explicitly state the conception, according to which consumer behavior should be considered as the crucial element of marketing in general and, especially, in the strategy of marketing, in particular. Secondly (which is very important), according to Lambin, the purchase decision-making process is considered as a number of interrelated fragments consisting of quantitative fragments, rather than a descriptive model. In the analysis of the decision-making about purchase, the author included consumer ability of utility evaluation, and demonstrated and analytically studied that ability. Thirdly, Lambin raises the question of the ambiguity of consumer reaction and necessity of its division into passive and active. Actually, he is the first Western scientist to raise that question. He considers that the central goal of the theory of motivation is to research why the body transfers into an active state [7: 65-66].

Thus, the point is that the theory of motivation should be developed right that way.

Summarizing the well-known works as well as the national researches in the field of consumer behavior it should be noted that considerable research material has been obtained. Consumer behavior attracts the attention of economists, sociologists and psychologists. In recent years, the latter group has been dominating as the developers of the idea of decision-making process about the purchasing action. Apparently, there is a distinctive propensity to describe that action.

Judging by the recent works of the economists, descriptive models are corroborated by the methods of quantitative analysis of the purchase decision-making process. Besides, the latter is being studied by means of the models of such a type as “incentive-reaction-awareness-outcome” [7: 77]. All the authors agree that in the model of behavior crucial significance should be given to the person’s ability to absorb the whole complex of external relations.

Beginning from the very first marginalists no one

has any doubt that decision-making about purchase is based on the ability to be aware of the difference between the products offered by the seller and the desired one .

The problem of research of the mechanism of consumer behavior remains topical, firstly, in view of the fact that consumer economy is not well developed, in general. The situation in the national economy shows that reformers are not able to make their strategy relying on the growing demand in conditions of market glut with goods. The role of reasonable consumer behavior in the solution of such a problem is obvious.

The level of consumer behavior development is not enough yet to solve the mentioned problem completely.

One of the key problems, so far unsolved, is complete ambiguity in the application of any complex (synthetic) characters allowing estimation of readiness for purchasing at least within the scope of rational motives of behavior.

There is no clear evaluation of rational and irrational motives in literature. Anything beyond the predictable (rational) models of behavior constitutes the object of psychological research.

The purchase decision-making mechanism is not described in such a succession, as the consumer order emerges, i.e., quantitatively fixed demand.

There are no models studying the efficiency of marketing influence on the progress of product promotion in competitive environment or the models for administration of the product competitiveness with account of reasonable consumer behavior.

I think that the above-mentioned problem can be solved in the following directions:

- Develop a clear idea about the origin of customer order as the starting point of decision-making about purchase;
- Analyze the consumer’s active behavior and its role in formation of customer’s order and decision-making about purchase at every stage;
- Upgrade the models of competitive production management considering elements of consumer behavior.

## ეკონომიკა

## მომხმარებლის ქცევის, როგორც მარკეტინგული კვლევის ობიექტის ზოგიერთი მხარე

### მ. ნანიტაშვილი

გორის სახელმწიფო სასწავლო უნივერსიტეტი

(წარმოდგინა აკადემიკოსმა ა. სილაგაძემ)

ლიტერატურაში ჯერჯერობით არ არის სამომხმარებლო (მომხმარებლის) ქცევის რაციონალური და არარაციონალური მოტივების ზუსტი შეფასება. ყველაფერი, რაც საფუძვლად უდევს პროგნოზირებადი (რაციონალური) ქცევის მოდელებს, წარმოადგენს ფსიქოლოგიური კვლევის ობიექტს. არა გვაქვს ყიდვის შესახებ გადაწყვეტილების მიღების მექანიზმის აღწერილობა იმ თანმიმდევრობით, რომლითაც ყალიბდება სამომხმარებლო შეკვეთა, ანუ რაოდენობრივად ფიქსირებული მოთხოვნილება. არ არსებობს კონკურენტულ გარემოში საქონლის წინ წაწევაზე (Promotion) მოქმედი მარკეტინგული ზემოქმედების ეფექტიანობის განსაზღვრის კვლევის მოდელები, ანუ საქონლის კონკურენტუნარიანობის მართვის მოდელები სამომხმარებლო ქცევის კანონზომიერებათა გათვალისწინებით. ზემოთ აღნიშნული პრობლემების გადაწყვეტა, ჩვენი აზრით, შესაძლებელია განხორციელდეს შემდეგი მიმართულებებით: სამომხმარებლო შეკვეთის გენეზისზე, როგორც საწყისზე ყიდვის შესახებ გადაწყვეტილების მიღებისათვის სწორი წარმოდგენის ფორმირება; მომხმარებლის აქტიური ქცევისა და მისი როლის ანალიზი სამომხმარებლო შეკვეთის ფორმირებისა და ყიდვის შესახებ გადაწყვეტილების მიღების ყველა ეტაპზე; საქონლის კონკურენტუნარიანობის მართვის მოდელების სრულყოფა მათში სამომხმარებლო ქცევის ელემენტების გამოყენების გათვალისწინებით.

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