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Consumer Behavior Trends in the 1970's

Presented by DR. ROBERT S. WELSH

Develops a "consumer behavior model" and discusses environmental and other influences on consumer buying habits. He concludes that a successful marketing strategy is one of market segmentation.

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The ultimate aim of a firm when considering behavior should be to develop a theory of buyer behavior for the present and potential customers in the market. The firm needs consumer profile information and information concerning consumer preferences and why consumers select particular stores. Also, the firm needs to know how its marketing strategy elements such as product mix, price, promotional tactics, service features, firm image, and location influence the consumers in the market area. The objective of developing a theory of buyer behavior is never perfectly realized as attitudes and behavior change over time depending on environmental influences. If a firm is to continue being competitive and hold or improve its market position, it must continually analyze buyer behavior in its market areas and be cognizant of the behavioral changes and the implications for marketing strategy.

The attitude and behavior of consumers is considerably different today than what it was just five years ago, and additional changes will occur in the 1970's. In order to adequately understand the changes, let us examine why a consumer behaves as she does in selecting a store and making particular purchases. A model of consumer behavior illustrating the interactions that occur when a consumer makes a purchasing decision is presented in Figure 1. In actuality the two sets of determinants in the model, the environmental and individual influences, interact simultaneously and continuously. Also, there is interaction between the individual determinants. The model thus illustrates that the individuals purchasing decisions are influenced by selected environmental forces. For example, the consumer's decision to shop at a particular store and buy or not buy selected products is based on the indivudual influences, but the individual influences are affected by various environmental influences.

How does the environment influence the decision making process? The consumer continually receives information from the environment and this may or may not be integrated into her frame of reference for decision making. The external environmental information may modify an individual influence and thus cause changes in the individual decision making process. The consumer makes the decision concerning whether or not to recognize the external environmental influences as well as how to use the information. Some consumers have not permitted the changes that have taken place in the environment to influence their individual behavior. They have screened out these influences and they are behaving in about the same manner as they were several years ago. However, many consumers have allowed the environ-

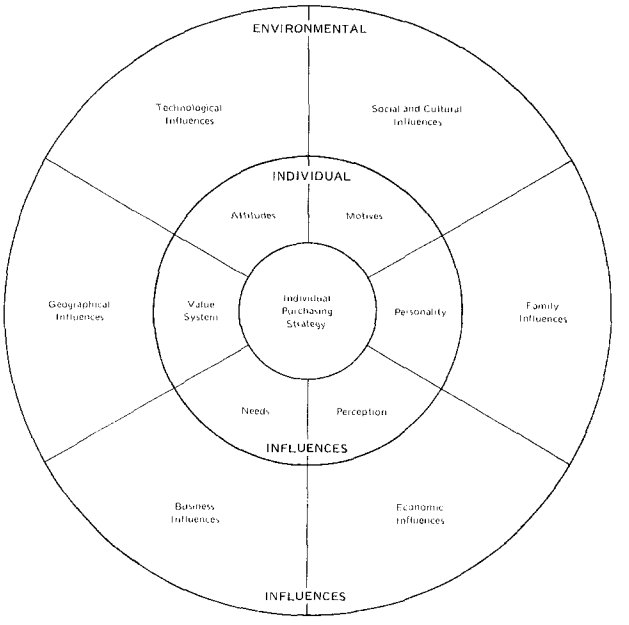

FIGURE 1

INFLUENCES AFFECTING SELECTION OF THE STORE AND PURCHASING STRATEGY

mental influences to affect their individual influences and consequently their purchasing behavior. What does this mean for the food retailing firm? The significance is that in many areas if your marketing strategy is the same as it was five years ago, you may find your market position deteriorating as you have not modified your strategy to fit the present consumer orientation of the market being served.

Due to time limitations I will not be able to discuss the impact of all of the environmental influences. Therefore, my comments will concern only selected aspects of the economic, social, cultural and business environmental influences illustrated in the model. Also, the consumerism movement environmental influence will be considered. In recent years the substantial environmental changes that have occurred have modified and altered the consumers individual influences and subsequent behavior. The result has been changes in the decision making process which have been reflected to noticeable changes in individual purchasing strategy.

The economic influences of inflation, slight recession, relatively high unemployment, and uncertainty concerning the future of the economy have strongly influenced the attitude and behavior of many consumers toward the price element of the retail food firm's marketing strategy. Price is now a much more important factor in the decision making process for many consumers than just five years ago as presently a substantial segment will trade off convenience and service for price. This viewpoint is supported by the fact that an increasing number of consumers are shopping in deep discount pricing oriented stores and in the process of traveling to these stores consumers are passing conveniently located conventional food stores. The recent launching of the warehouse store concept with low prices and a minimum of services and the strong consumer interest in this type of outlet is another indication of the current importance of the price element.

A recent study conducted by the Gallup organization indicated that 76 percent of the consumers interviewed were economizing on food purchases due to economic pressures and concerns.[1] Consumers are shopping for sales, using coupons, buying economy sizes, buying more private brands, buying cheaper lower quality products, buying fewer convenience foods, and comparison shopping. Another study that was recently conducted in the Toronto market area also demonstrates the importance of the price element. After a period of very aggressive price competition in this market, there was a major realignment of firms market position.[2]

Retail food firm management must be cognizant that the price element in most market situations is now a high priority factor for the majority of consumers when making decisions, and this affects not only the selection of the store, but also the products that are being purchased. It is quite likely that price consciousness in consumer buying patterns will carry over into better times as any kind of an economic decline historically affects consumers buying habits for a lengthy period after the economic problems have been resolved. This does not mean that price is the only factor in decision making or that all consumers put the same weight on the price factor, but it does indicate that price consciousness is a more important factor than five years ago and will continue to be very important.

Another major change in the external environment that has had substantial impact on the behavior of many consumers in recent years is the change in the social environment (social and cultural changes). Possibly the social environmental changes have not influenced food retailing as profoundly as some other retailing institutions in our society, but the impact on food retailing has been substantial and will be more significant in the 1970's. These changes have altered many consumers needs, attitudes, perceptions, values and life styles. The behavioral result is demonstrated by more interest in convenience foods, less interest in highly advertised higher priced national brands, a somewhat indifferent or negative attitude toward advertising claims, and less interest in stamps, coupons and promotional gimmicks. In addition there is declining interest in fresh produce and increased interest in frozen foods. Also, many consumers are no longer bound by custom and tradition, and they will readily accept new foods and new innovations. An example of the change is that a larger number of consumers are buying prepared foods due to the time factor and a dislike for cooking. However, these environmental changes have also created another group of consumers that want to be more creative. This particular group is preparing food dishes from scratch and turning away from prepared foods.

Possibly you are thinking that some of these statements pertaining to the impact of social changes are contradictory to the statements concerning the price factor. This is just an indication that consumers are far from being homogeneous in their wants and desires and it appears they will become increasingly heterogeneous in the 1970's. For example, some consumers are primarily interested in price while others are more interested in an extensive product mix and services. The social environmental changes will continue to alter consumer decision making processes as many consumers are sensitive to this particular external influence. In the future firms will have to be cognizant of the social environmental changes taking place in society and assess the overall influence on consumer purchasing strategy.

Based on the model promotional techniques are a component of the business influence environmental category. Only the advertising aspect of this category's influence on purchasing strategy will be considered.

It seems that if advertising is to continue to be successful in influencing individual decision making in the 1970's, advertising will have to become more responsive to the needs of a society that is becoming increasingly sophisticated, knowledgeable and demanding. In the past five years a greater number of consumers have tended to develop a somewhat negative behavioral attitude toward advertising and this is likely to continue unless some changes are made.

Weiss contends that in general 85 percent of the advertising messages do not persuade as they are not seen or heard. Another 5 to 10 percent although registering are not believed.[3] This indicates that many consumers, particularly the better educated and more intelligent, and the coming generation are continually erecting higher conscious and subconscious barriers of resistance to advertising. The younger generation in particular seems to have little faith in advertising as they are looking for the "catch in the ad." There is a need for advertising to become more factual and informative in order to be more effective.

A substantial portion of the advertising conducted by food processors and manufacturers is for the purpose of strengthening or maintaining brand loyalty. There is ample evidence that consumer brand loyalty is deteriorating. This is partly due to the price factor and the influence of the social environment, but also the advertising messages are not properly oriented to the consumers requirements in some cases.

Manufacturers and processors will continue to introduce a steady stream of new products in the 1970's, and ad-

vertising will be utilized extensively to gain consumer acceptance for these products. However, consumers seem to be getting disenchanted with supposedly new products that are not really different. Manufacturers appear to be considerably more intrigued with new products than consumers as many consumers seem to think there is a proliferation of products. In other words it will take more than just a promotional program to sell the consumer on a new product in the 1970's; the product will have to be different and provide increased utility and satisfaction.

Food retailers need to examine their promotional programs to insure that they are not being screened out by a large segment of consumers. It seems that the newspaper advertising needs to be more creative in order to maintain a high percentage of readership, and be convincing so that consumers are persuaded to take action. There is concern that newspaper advertising for retail food firms is not as effective as in the past. This is a justifiable concern based on the preliminary results of some advertising effectiveness research that is the author is now conducting.

The consumer movement is a result of the economic, social and business environmental influences. This movement will continue to be with us in the 1970's, and it will probably be a stronger force as the Federal Government will become increasingly involved. What does this mean for the food industry? The trend will be to remove deceptions of any type that exist in the marketing process. Marketing has not moved to resolve many of the existing problems in promotion and packaging. Therefore, it appears that marketing in the 1970's will encounter legislative difficulties in areas such as truth in consumer deals, games, and contests, and truth in advertising. Unless firms move soon to remove any possible deception from the market place this will be done by consumer groups and legislation.

Retail food firms can counteract the consumerism movement environmental influence by facilitating two way communication with consumers in the 1970's. The large retail food firm should consider establishing a Department of Consumer Affairs that would be a corporate top level department that is involved with everything the company does that affects consumers in any way. Also, this would be the branch of the firm that responds to all customer complaints, prepares and distributes consumer educational materials, and insists on commitment from the entire organization to listen to consumers as well as to communicate with them. Firms in the 1970's will have to do more listening and be much more responsive to consumers needs and desires than was the situation in the 1960's.

One major innovation in the 1970's will be the introduction of frozen meat. Throughout the 1960's the meat department was an important focal point for the consumer and a very important factor for the success of the supermarket, and it is still important today. The meat department will probably lose some of its importance during the 1970's due to the introduction of frozen meat. Eventually the meat department might even weld into the frozen food department. Undoubtedly there will be some resistance initially when the change is made to frozen meat, but the resistance probably will not be serious or of long duration and this is because the younger consumers have become accustomed to many frozen foods, innovations and changes. Consumers have accepted frozen foods of many types including vegetables, prepared dinners, bakery products, speciality foods and turkeys, and for this reason probably will not stubbornly resist the change to frozen meat. The new generation has essentially been raised on frozen food and this is a plus factor for accepting frozen meat. However, this change will be considerably more difficult for older consumers to accept.

In a study conducted by the A. C. Nielsen Company, it was found that there was a negative reaction to a possibility of automated front ends in the food store.[4] The consumer concerns are a loss of personal contact, machines make mistakes and have no understanding, price marking imperfections cause confusion, and there is already too much automation. The same study indicated that the reactions were generally negative to the theoretical possibility of phonovision shopping.

In considering the changes in the social environment that are occuring and with the price factor being important, it seems that the consumer will accept an automated front end if it is properly introduced and explained. If the consumers realize this might mean some cost savings and lower prices, it appears that they will accept the innovation.

With respect to the attitude towards other innovations it seems that consumers in general are becoming somewhat accustomed to a continuing stream of innovations and changes, and thus innovations in general will not be extremely difficult to implement in the 1970's. However, there may be some major difficulties in implementing a rather drastic change such as phonovision shopping if this concept is implemented in the next five years.

What do these environmental changes and the consequent changes in consumer behavior mean for marketing strategy? Retail food firms in the 1970's will need to utilize a market segmentation strategy to be successful. This type of strategy stipulates that by concentrating on the specific needs of a particular group of consumers a firm can satisfy these needs more precisly than a computer. Some retail food firms have pursued a semi-market segmentation strategy in the past, but segmentation will have to be practiced to a greater extent in the 1970's. It will be considerably more difficult for a firm to practice an undifferentiated overall marketing strategy in the future and be successful.

The different groups of consumers in our economy are becoming increasingly heterogeneous in behavior due to the differences in the impact of the environmental influences on the individual influences and subsequent behavior. Due to the variances in consumers age, stage of life, income, level of education, different life styles, and individualistic feelings, a firm will have to select a particular target market of consumers at which to direct the marketing strategy as it will be virtually impossible for a retail food store in the future to appeal to all types of consumers.

Different neighborhoods and trading areas will require different marketing approaches. The product mix, services, pricing strategy, promotional tactics, store decor and overall store image will need to vary from one market area to another. It will be imperative that the firm select a particular market target and then develop a merchandising strategy that is commensurate with the selected target consumers in the market.

Conceptually, store loyalty meets the criteria for a market segmentation base, and this was an important aspect of retail food firms' marketing strategy in the 1960's. However, this strategy may not be as useful for the 1970's. Enis and Paul found that high store loyalty was exhibited to a greater extent by consumers with a lower level of education.[5] Therefore, a strategy involving store loyalty may be a useful strategy for a particular socio-economic group of consumers, but not for all consumers.

The results of a recent study by Appel indicate that if food retailers are to optimize their marketing mixes, the retailer must recognize the consumer orientation of the specific market being served, and then develop a store image and merchandising strategy as close as possible to the consumers concept of an ideal place to shop.[6] Food retailers in the future must be cognizant of the attitudes and behavior of all consumers in the trading area and select a target group when developing the marketing program. In conclusion it seems that the key to successful operations in the 1970's will be a market segmentation strategy.