

## THE CONSUMER IN THE XXI CENTURY AND THE RELATION BETWEEN NEED - UTILITY

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### ABSTRACT

*The consumption civilization has seen three major stages in its becoming: mass consumption, abundance, and hyperconsumption. The mass consumption stage is based on the transformations of the local markets in large national markets with the help of infrastructure and commerce. The development of mass production and consumption has generated the shift from anonymous products to those identified by the brand.*

*At the basis of the consumer society there is a new production strategy and a commercial philosophy that prefers the sale of a large quantity of products with a modest margin of benefits, selling a quantity of thousands of goods with a high margin.*

*The abundance society, the second stage of consumption civilization, was based on increasing productivity and wage purchasing power, being represented by generalizing access to emblematic products (automobiles, televisions, home appliances). This stage of consumption, also called "affluent society" is characterized by creating artificial needs, organized waste and stimulating the desire for novelty - all for mass welfare.*

*In the hyperconsumer society, consumers are interested in quality goods, diversification of supply is accompanied by the process of globalization of companies and increasing the role of multinationals. The features of the modern consumer are: act of buying as pleasure, consuming as experience and expressing emotional states through the purchase of goods.*

*There is a new "virtual" consumer form, whereby the consumer is prepared long before the good comes to the market as the actual offer and so the consumer waits for the new product instead of consuming the already existing products.*

*The practice of consumption is reorientated to a new, more dynamic form of "consumption in consumption", and thus consuming takes place continuously without space-time discontinuities, and the consumer is more flexible and absorbent.*

*The consumer adopts a responsible attitude and focuses on "sustainable consumption" through energy saving, resource and consumption of "bio" products. He will accept paying more for 'clean' products, being concerned about the impact of consumed products on health and the environment.*

**KEYWORDS:** *consumer, needs, utility*

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## **1. TYPES AND PATTERNS OF CONSUMER BEHAVIOR**

Since the beginning of the exchange economy, consumer behavior has been a subject of maximum interest to merchants regardless of their business. With technological progress and industrial development, such concerns have become much more documented for ultimately being theoretized in behavioral patterns. Such studies tend to directly harmonize consumers' needs and preferences with what the free market can and wants to offer. In the following, I will present in an exhaustive manner the most used and recognized models in the specialized literature in terms of consumer behavior.

### **1.1 Global Theoretical Models of Consumer Behavior**

The merit of global models is that they have enabled the identification and study of the influences generated by some exogenous and endogenous co-ordinates on consumer behavior, and later they have been based on the elaboration of modern models with numerous abstraction and formalizing ways.

The Marshallian model is based on the concept of marginal utility of the value of different goods, according to which consumers rank their needs. According to this theory, the consumer's behavior regarding his purchasing decisions is determined by the rational and economical calculations that he spends his income on the procurement of those goods that produce the highest satisfaction but taking into account tastes and prices. The contribution of this model to the study of consumer behavior is that it has raised the issue of the economic factors in general and the way in which they generate behavioral reactions.

Unlike the Marshallian model, Freudian and Veblenian models center their analysis on endogenous and exogenous factors, respectively, on the behavior of consumers.

The Freudian Model explains behavioral responses in the sphere of consumption on the basis of some biological and cultural elements associated with consumers and evaluates their attitude through an index system that includes: the direction of attitude, which may be negative or positive, its intensity and timeliness as well as coherence its in the structure of the subject.

While the previous model proposes motivational research of consumer behavior based on psychanalytic theory and within the subject, the Veblenian model approaches the behavioral reaction by studying the external motivation and thus social influences. In this aspect, the most important levels identified by T. Veblen, to which society influences consumer behavior are: culture, social classes, reference groups and membership. The Veblenian model is a social-psychological type and promotes the idea of behavioral analysis of the consumer in terms of his desire to achieve a certain prestige in society and not the one demanded by satisfying needs, namely ostentatious consumption.

From the perspective of the two theoretical models, respectively Freudian and Veblenian, one can distinguish three types of consumerist behavior, namely: consumption in competition, ostentatious and in compensation.

Consuming in the competition involves buying goods from the individual's need to achieve a higher social appreciation than those in the membership group, and often comes from the desire of consumers to compete with each other in order to demonstrate their

financial superiority through the ability to pay more. Many times, consumers trained in this race if they do not have enough money to keep up with will often borrow indifferent risks.

A special form of consumption in the competition is the ostentatious one, in which the subject records an abundant consumption and displays visually (ostentatiously) a social status superior to the one actually existent. The manifestation of ostentatious consumption behavior is a reality both for consumers in Romania and for those in the rest of the U.E. and America countries, but there are obvious differences in the forms of manifestation.

In England and America, ostentatious consumption is produced mainly after the phases of economic growth, while in Romania it is manifested before reaching a peak of growth.

On the other hand, in Romania, this type of consumption is aimed at achieving a higher social status oriented in the short term, while in the rest of the U.K. the long-term orientation is the higher social status and will be passed on to the descendants.

Consumption in compensation occurs when people end up buying goods in the idea that they are approaching the dream of a successful life. Thus, the house, the car, the furniture, etc. are perceived as a compensation to a rigidity of social mobility.

When they do not have sufficient financial resources, those who practice this type of consumption have to sacrifice the satisfaction of other needs and, therefore, the demand for compensatory consumption is attached to a cost of chance.

## **2. MASS CONSUMPTION AND ABUNDANCE**

The civilization of consumption, in which the modern, flexible and emancipated man, touched by the virus of shopping and the passion for the new, laid the foundations for a new philosophy of life, during his becoming three major stages: mass consumption, abundance society and hyperconsumption .

The mass consumption stage was based on its transformation of small local markets into large national markets with modern transport and communication infrastructures. A modern, speed-adapted infrastructure has made it possible to increase the volume of transport to production capacities and to large cities, has made possible the rhythmic dissemination of large quantities of goods and the management of their flows from one production stage to another.

At the same time, significant changes have occurred at the level of the producers, consisting in the modernization of the production apparatus, which has allowed the switch to large series production and has led to increased productivity at low costs. Modern manufacturing techniques have ensured large-scale production of standardized goods that have been distributed on a national scale at low unit prices. By doing so, a growing number of products have become accessible to the vast masses of buyers and we can talk about "consumer democratization". At the base of the fast growing consumer economy, there is a new production strategy and a commercial philosophy that prefers the sale of a large quantity of products with a modest margin of profit, selling a modest quantity with a high margin.

The development of mass production and consumption has generated the shift from anonymous products to those identifiable by the brand, and firms to make their relationship with the market more profitable have started to make national brands visible to their brands. In this context, the commercial relationship dominated by the retailer does not correspond to the needs of the modern consumer that transfers the guarantee and the quality of the goods to the producer and its brand.

The emergence of large stores where the consumer can choose his own products and favorite brands has spurred trade and opened up the mass distribution. The policy of operating these extensive outlets consists in the rapid rotation of inventories, the practice of low prices and an important business volume, based on large-scale sales. The modernization of the outlets has aimed to stimulate the need for consumption, to create a new climate in which the consumer not only comes to buy goods but also to have fun to spend time admiring shop windows and advertisements or to drink coffee and to eat something. Practically, the modern consumer is defined by a new lifestyle in which we find a culture of consumption.

The company of abundance, the second stage of consumption civilization, was based on increasing productivity and purchasing power of employees, being defined by generalizing access to its flagship products such as automobile, television and home appliances.

The volume of consumption has increased and its structure has changed in favor of durable goods, as the extended credit practice in wider socio-professional categories has made it possible for the consumer to be relieved of the strict satisfaction of material urgency by focusing on quality goods and a high living standard. At U.E. the annual average productivity growth was 4.7% and was based on reorganization of production, specialization and standardization through the expansion of automation and conveyor work.

With the upgrading of the productive activity, there is a quantitative and qualitative readaptation of the process of merchandising by exploiting economies of scale, scientific methods of management and organization of labor, which has led to a large volume of sales at low prices, a low margin of benefit but a rapid rotation of goods. With the unprecedented increase in the number of supermarkets, supermarkets and hypermarkets, manufacturers are entering a fierce race to attract the buyer with the lowest prices, and the practice of discounts became a common occurrence in the "commercial revolution" that promoted "table-breaking."

The mass consumption society is expanding to U.K. where growth, raising living standards and material comfort became a social project that mobilizes creative energies in a show of consumption, in a waste of great scale. That is why this stage of consumption, called the "affluent society," is characterized by the creation of artificial needs, through organized waste, the permanent stimulation of the desire for novelty, all participating in the cult of mass welfare.

### **3. BEHAVIOR OF THE HYPERCONSUMER IN THE CONSUMER ECONOMY**

With the great diversification of supply and the democratization of material comfort, established by the "affluent society", gradually there is a better structure of consumption according to objectives, tastes and individual criteria. The buyer's personal motivations are becoming more and more important, the goods purchased by him are no longer intended to be ranked in relation to others, but rather to ensure independence and mobility, to experience, to respond to challenges, to improve the quality of life. By doing so, consumer behavior becomes free of statutory rivalries and the cost driver is no longer the defiance, the difference or the symbolic confrontation between individuals. Consumers' dynamics are based on personal satisfaction and consumption gets new subjective functions that determine a new consumer orientation that takes into account their age, tastes, their cultural and individual identity in the act of consumption. This establishes a consumer's emotional relationship with commodities, in which primacy returns to the sensation, the satisfaction enjoyed.

In the hyperconsumer society, the subjects (consumers) are interested in the quality goods they buy, not in order to show their rank, but to enjoy their qualitative contribution to the personalized state of well-being to which they tend.

Act of buying as pleasure, consumption as an experience, is becoming more and more behavioral traits of the modern consumer. Often, it is sought and discovered by itself through the act of consumption, shaping and transforming, acquiring emotional experiences and vibrations by the acquired goods.

In order to better satisfy the aspirations of the new type of consumer, the whole offer system has changed and with it new ways of organizing economic activities, producing and selling, communicating and dissolving have emerged.

Against the backdrop of the revolution in information technology and market globalization, structural transformations have taken place in market approach, in strategic positions, in competitive relationships and in supply policies.

Substantial changes have also occurred in the supply structure, so that savings have increasingly begun to focus on services in the detrimental part of material goods. In U.E. the services currently represent more than two thirds of the economic activity in production value and this fact has consequences on the evolution and structure of consumption, the proportion of services in the consumption of families reaching approx. 49%.

The new consumption patterns that emerged, as well as switching from a bid-driven market to a demand-driven market, were based on market segmentation, strong product differentiation, quality policy, and the launch of new products.

The diversification of the offer was accompanied by the process of globalization of firms and the increase of the role of multinationals: the global sales of the first 500 transnational companies tripled between 1990-2005 and the world's GDP increased by 50%. In the US this year, on average approx. 16,000 new products with a 95% failure rate, and in U.E. 20000 new high-consumption products, their failure rate being 90%. The accelerated rhythm of renewal makes the life of many products do not exceed two years.

All this is circumscribed to the huge wave of internationalization that led to the opening of economic spaces by changing the merger-buying scale, the concentration of markets and the expansion of external growth.

In an effort to stimulate consumption, bidders try to seduce the consumer through the novelty factor, react as promptly as possible to competitors and accelerate the launch of new products. Many times the consumer is ready and new consumer choices and guidelines are introduced long before (1 to 4 years) that products come to market as the actual offer, and he reacts, preferring in some cases to wait for the new product to start buy goods already on the market.

This phenomenon occurs especially in household and car products and is a "virtual" form of consumption.

Another factor that sensitizes the consumer and causes him to expand his consumption is the discount, which he gives to all bidders in several stages throughout the year.

The technology of everyday life encompassed all social structures and determined the households to achieve a high endowment index and, in parallel, the reference markets became saturated. Since 1985, U.E. , 73% of the workers' families had a car, 86% a TV, 91% a refrigerator and 80% a washing machine. In this context, in order to increase demand, the manufacturing companies initiated commercial strategies that were designed to stimulate household pluridotation, thus moving from semi-selective consumption to the one centered on the individual.

As a result of this new approach to consumption, the proportion of families with two cars and at least two televisions, several phones, cameras, computers, etc. has increased. Sales success was largely based on the advantage of autonomy granted to individuals who could have the means to organize their private life in relation to their own rhythm independently of others.

The great mobility and independence of individuals, the rhythm of alert life, have led to a reorientation in the practice of consumption in the sense that the act itself is no longer linked to monofunctional spaces strictly dedicated to it. Thus, airports, garages, fueling stations have turned into shopping centers where the consumer pressed by the lack of time can cover a large part of everyday necessities. In France, Germany and England, fuel revenues in power stations currently account for only 50% of total revenues, and in the metro area the network of stores selling clothing or flowers is expanding. Consumer behavior gains a new and more dynamic dimension that can be defined by "consumption in consumption". Airline and rail service providers no longer have just the travel offer, but true multi-service packages for travelers, focused on entertainment and games, the internet, the goal being to „sell time”.

Consumption takes place in a continuous flow without space-time discontinuities and consumer behavior becomes more flexible and absorbent. The time limits of consumption dissolve in front of the commercial nightlife that is multiplying and the consumer can use the full 24 hours of a day to meet the different needs. Legislation that included times of commercial consumption has become more and more flexible across Europe. Deliveries at the customer's home at any hour are already a daily fact, and supermarkets, restaurants, and even sports venues in large urban agglomerations are prolonging their work schedule

after midnight. Consumer behavior is manifested under the motto of "zero expectation", the constant concern of the new buyer type being to do more and more quickly through free access to products, images and communications at any time of day or night.

To meet the growing needs of the modern super-consumer, the planet consumes more and more resources and suffers the effects of environmental pollution degradation. Awareness and risk-taking arising from environmental degradation is not the sole responsibility of producers but also consumers who adopt a responsible attitude have begun to change their behavior by focusing on 'sustainable consumption' as a substitute to the existing one by saving energy, reducing waste and the consumption of "bio" products. This new type of consumerist behavior that is becoming increasingly prevalent in U.K. transforms the individual from a passive being into an active one, who is interested in the impact of consumed products on health and the environment. These consumers accept to pay more for environmentally friendly products, refuse to buy to throw, constantly critique the search for the new, and ignore big brands in favor of cheaper products. The slogan underlying their behavior is: "We need to eat to live and not to live to consume."

By expanding this new attitude, consumers will get rid of advertising conditioning, take control of their everyday life by setting their own rhythms and limits of consumption, and what is most important will make consumption not an end in itself but a means of lifting the quality of life.

#### **4. CONCLUSIONS**

The consumption civilization has seen three major stages in its becoming: mass consumption, abundance, and hyperconsumption.

- The mass consumption stage is based on the transformation of small local markets into large national markets, with the help of infrastructure and commerce. The development of production and mass consumption generated the shift from anonymous products to those identified by the brand.

The emergence of large stores where the consumer can choose his own favorite products and brands, have boosted the trade and passed to the table distribution age.

- The world of abundance, the second stage of consumer censorship, was based on increasing productivity and wage purchasing power, being represented by generalizing access to emblematic products such as automobiles, televisions, home appliances. There is an increase in consumption and diversification, with a significant share of long-term goods.

- Quantitative and qualitative readmission of goods by extrapolating economies of scale, as well as new methods of managing and organizing labor, have led to an increase in sales volumes at low prices.

- In the hyperconsumed society, consumers are interested in quality goods to enjoy their qualitative contribution to the well-being they are aiming for.

- The modern consumer acquires new behavioral traits such as act of buying as pleasure, consuming as experience, expressing emotional states through the purchase of goods.

- There is a new form of consumption, the virtual consumption, through which the consumer is prepared long before the product reaches the market as an effective offer and so the consumer awaits the new product instead of consuming what already exists on the market.
- The technology of everyday life encompassed all the social structures and determined the pluridotation of households, and so individual can organize their private life independently of others, depending on their own needs.
- The practice of consumption is shifting to a new, more dynamic form of "consumption in consumption", which abandons the monofunctional spaces designed for it in favor of airports, railway stations, metro stations, transformed into shopping centers where the consumer benefits from service packages.
- Consumption takes place in a continuous flow without spontaneous temporal discontinuities, the consumer's motto is "zero waiting" and its behavior is more flexible and more absorbent.
- "Sustainable" consumption appears as an alternative to exhaustive, saving energy, resources and preferences for "bio" products. Thus, the consumer agrees to pay more for "clean" products, he is concerned about the impact of consumed products on health and the environment.

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