

Theory of the customer validity

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According to Stengel, the theory of the Consumer states that there is planning and timing of purchasing, and borrowing and saving to get maximum satisfaction from the consumption of the purchases (Stengel, 2011).

Looking at this theory in light of today's tracking buyer trends, this theory is weakening.

Stengel mentions that the consumer choice is dependent on several factors including utility, substitution and income effects. (Stengel, 2011). These elements heavily impact the customer buying behavior and in today's era there are a lot of fluctuations.

Stengel explains utility as the consumer's imaginary measurable value gained from consumption (Stengel, 2011). This means this pseudo effect in today's society has a lot of mechanisms to strengthen it.

Stengel describes the substitution effect as the consumer's response to the price shifts to return balance in the ratios of marginal utility to price (Stengel, 2011). In today's society and easy accessibility to products, especially on line, customers are able to quickly find a replacement product that gives a similar effect. This ability could quickly alter customer's buying behavior.

The other element of income effect, is described by Stengel's as the modification in purchasing power (Stengel, 2011). Customers ability to purchase relies heavily on the access to funds. An increase in income could significantly affect whether a customer purchases and product or not. Also, an increase in income could also impact the quality of product which is often tied to the price of the product. Therefore, an increase in income could mean that customers would buy more expensive products.

We are in an era of consumer impulsive buying behavior. This is encouraged by advertisements, promotional activities and financing availability.

According to Karbasivar & Yarahmadi, there are four external prompts that affect consumer impulse buying behavior - window display, promotional activities like cash discount / free products and credit cards (Karbasivar & Yarahmadi, 2011).

A major impact on the theory of the consumer is the advancement of technology which drives e-commerce. There is a significant increase in online shopping. Furthermore, social media platforms are extremely prevalent. Consumers are now able to access products and services very easily and are constantly bombarded with social media advertisements. This new era of technology has a direct effect on the way consumers plan and time their purchases. For example, on one hand, an advertisement that pops up on social media could trigger an unplanned response for purchase. This could be good in some ways, if it is a deal, something that the consumer would need and would result in savings. However, it could also affect planning where this purchase now throws off the consumer's budget and could even put consumers in extra debt. Having this easy access in shopping has been detrimental to many people who are shopaholics or shop as a form of therapy. Karbasivar & Yarahmadi mention that the "unexpected price discounts have an effect on consumers buying" and the "easy access to credit cards eliminate the immediate need for money to buy something, cause consumer to overspend" Additionally, "heavy credit card users are less price conscious" (Karbasivar & Yarahmadi, 2011).

Many stores are tapping into the phenomena, consistently offering in-store credit to their customers. Many of the retail giants, are capturing the market with making sure there is consistent ways to lure customers not only through credit and discounts but also with quick turnaround with delivery due to their agile supply chain. According to Lee, some big companies like Wal-Mart, Amazon and Dell Computer have supply chains that are fast and cost-effective

due to their agility, adaptability and alignment. (Lee, 2011). This helps in feeding into the just-in-time demand, that is necessary for impulsive buyers.

Overall, the theory of the customer may hold true in some cases, however its validity is somewhat questioned due to the changes in this era of buyer tracking where there is disruption in the elements that affect consumer buying choice.

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