

## THE CONSUMPTION AND THE CONSUMER IN THE ECONOMIC THEORY

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**Abstract:** The special complexity of the consumption imposes the mention that, in what follows, considering the criterion of the final destination of goods and services, the problem of the non-productive consumption of the population is being approached. Within the mechanism of the economic life, consumption has a central position, fulfilling various functions, determined by the mutual relationships with the different phases and processes of this mechanism, as well as by its own laws of development. Consumption gives finality to production, the usefulness of goods being recognized not only for having a specific material shape, but also because it satisfies a certain necessity.

**Key words: the income effect; the substitution effect; the anticipation effect; the irreversibility of consumption; the demonstration and imitation consumption;**

Basically, consumption is the act by which people use created goods and different services, satisfying the material and spiritual needs of the members of society. Insuring the covering of the different needs, it fulfills a complex of functions on the quality of life.

The level to which the consumer assimilates the new products represents one of the main parameters of the evolution of production and of the quality of life during the next period. The consumption specificity, determined by the regional or national traditions and specifics, represents one of the defining elements of the life style of different social communities.

The study of consumption involves also the approach of other concepts, such as: consumption need, consumption demand, merchandise acquisition, consumption costs. In order to clearly delimit each of these notions, the route of the need from the moment of its arousal to the moment of its fulfillment should be analyzed<sup>1</sup>.

On the market, consumption needs materialize in the consumption demand which, confronted with the offer, determines the sale-purchase act, through consumption costs. The purchase leads to the closure of the circuit through the actual consumption (satisfying the need), but, at the same time, it gives birth to other needs and determines the recapture of the “circuit”.

The sphere of consumption needs is wide and heterogeneous, comprising those material and spiritual needs of each individual that have a correspondent for their satisfaction in material goods and services. Knowing the consumption needs, economic agents anticipate the evolution of the market demand and, further on, a better satisfaction of this.

It can be stated that needs, together with the available incomes and merchandise prices, make the consumption demand a rational act, the result of a calculation. Its dynamic is direct proportional related to the consumption needs and to the size of incomes and converse proportional to the price of goods.

The effects determined by the income change over the demand, such as mentioned by P. Samuelson, are the following:

a) The income effect. The decrease of the price of a good indirectly determines the increase of the income, because the same amount of money allows the increase of the consumption. The additional income is not fully absorbed by the demand increase of the reduced price good, but part of this increase is embodied in the demand for another product, of unchanged price.

b) The substitution effect. The increase of the price of a good directly determines the decrease of the income, meaning of its purchase power, thus directing the consumer towards a good of lower price.

c) The substitution effect, due to the income effect. The price increase of a good considered essential indirectly determines the income increase (its purchase power), but, since the actual good is vital, it is being consumed at the same level, at the expense of other goods.

There is reversed relationship between demand and price. The price increase determines the reduction of the demanded quantity of a good. This phenomenon has law characteristic: Demand law. It expresses the existence of a converse proportional relationship between the quantity purchased by people of one certain consumption good and the price they have to pay. Studying thoroughly, one might say that, actually, the quantity demanded of one good depends on the prices of other goods, and the price change for one good may have various effects which, apparently, contradict the demand law:

a) The anticipation effect: the price of one good increase, and this determines an increase on the demand of that good, anticipating new price increases. In the converse situation, the price of one good decrease, still determining the demand decrease, anticipating the continuous diminish of the price.

b) The Giffen paradox: “the rule by which the increase of a price draws the decrease of its demand is conversely manifested, meaning that the price increase could be accompanied by the demand increase”. This exception is, actually, valid for inferior goods – basic food. The price increase on these goods determines poor families to spend even more money on their purchase, in other words, demand increases. In the converse situation, the price decrease on basic food does not determine an increased demand, but the surplus goes towards the demand of more elevated products.

Concerning the structure of consumption demand, its analysis depending on incomes (solvable demand) has allowed, in the domain literature, the discovery of some influence factors of law characteristic<sup>2</sup>.

a) The Engel law, according to which, once incomes increase, the demand for food decreases at the same level as prices. At the same time, the demand for clothes and places to live stays the same, and the demand for services increases. These evolutions are not only the effect of the income increase, but also of the progressive satisfaction of some needs with reduced level of elasticity, of the arousal of new, superior goods and services, which in themselves determine a change in the need structure.

b) The conclusions of Collin Clark: the service consumption increase, once a certain income level is surpassed.

c) The demonstration and imitation consumption (Duesenberry): differentiating the demand depending on the social group or depending on the individual's need to be assimilated by the group, to be promoted on the social scale (the consequences of snobbism and the need to parvenu).

d) The irreversibility of consumption: the increase and decrease tendency of consumption once the income changes, but not to the same extent, which would explain a certain stability of consumption depending on the income.

The circumstances of the purchase or consumption process often imply also other people, different from the consumer, who can decisively influence their behavior.

The behavior result is the decision of the purchaser concerning the purchase and the consumption of certain goods destined to satisfy their needs. The purchase and consumption decision comprises an assembly of acts or processes that are carried out in certain chronological order: the perception, the information, the attitude, the motivation and the manifest behavior. These processes, together with the bonds between them, represent the behavioral mechanism.

I. The perception – is the mental activity of noticing, understanding, judging stimuli from the ambient, all carried out with the help of the sensorial receptors system. External signals received and classification is selectively done, considering the specificities of the individual. The perception can be: 1. physical – through direct contact with the objects of the environment, based on the physiological elements; 2. cognitive – understanding the psychological meaning of the environmental objects (stimuli).

The perceptual process fulfills two functions: the selection of the encountered stimuli, respectively the organization, the regrouping of the stimuli and of the knowledge of the consumers.

II. The information (the learning) is the assembly of the means by which individuals get to know the products (the services) and learn more about them. The information sources may be personal (own experience or that of friends) or impersonal (products characteristics). The habit of the consumer is, mostly, learned.

Learning can be defined also as a behavior change, of relatively permanent character, being the result of repeated experience (from advertising, from directly using a product). Studying the relations between perception and learning, two classes of learning can be distinguished: based on memorizing (through repeated information); through introspection (reconsidering the position towards a product).

III. The attitude – this is the mental, affective, disposition state, resulted from experience, relatively stable towards a certain “object” (product, service), with which the consumer is confronted in order to satisfy their needs.

From the definition of the attitude, some clarifications should be made:

a) Attitude is learned, not instinctive;

b) Attitude is not similar to behavior; it is a predisposition towards a certain behavior;

c) Attitude implies the existence of a relation between person and object. The object of the attitude may be another person, an institution or a physical object.

d) Attitudes are mostly stable; physical state or circumstance changes do not determine major changes in the attitude sphere.

Attitude may be deduced with the help of behavior. It is intangible and cannot be directly observed. In order to determine the attitude of a person, it is necessary to interview this person in the hypothesis that the answers will not be false.

IV. The motivation is a thinking process, an interior state by which an individual is mobilized in order to attain a purpose; it is an ordering of needs. Identification of reasons, which means responding to the question “why?”, is difficult, implying the previous knowledge of the space where these have appeared.

Motifs have a profound multidimensional character, being located between biological and social, between internal pulses and knowledge.

It is necessary to clearly distinguish between motivations and instincts. Motivation is simply the cause that determines a certain conduct; it does not represent the automatic, somatic response to a stimulus. While instincts are un-programmed, inborn and involuntary reflexes, conduct, though sometimes the result of an instinctive source, is fully non-instinctive, volitional.

Motivation can have both intensity and direction, it can be positive or negative (a person can be motivated to act or not to act). Motivation can be internally (hunger, cold, thirst) or externally (for example, an invitation to a mundane event) generated. Motivation cannot be deduced with the help of behavior, it is subjective and hard to observe, and it depends on the opportunity and accessibility of the final purpose.

V. The actual (manifest) behavior is the act of purchasing or rejection, consumption or use of a product. It is the only elementary process of decision which can be directly and spontaneously observed and measured. It is the specific result of a system constituted from the more or less accentuated interdependency of the other elementary processes mentioned above.

As it will be seen, following the decision they make, consumers buy or not certain goods or services, postpone the purchase, substitute or consume a good or service with another, etc.

Placing the actual behavior as the final point of a process system can be found in numerous, relatively controversial, models and schemes of the consumer’s behavior.

In other words, the above mentioned elementary processes are influenced by two groups of variable factors: exogenous and endogenous. Exogenous variables act outside the human being and comprise the factors of the environment where the consumer lives and acts. Endogenous variables depend on the human psychic – personal characteristics, its representations.

Neither endogenous nor exogenous variables act isolated, but in combinations and with diverse intensities, presenting large variations from one individual to the other and, in time, for the same individual/consumer.

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