

KNOWLEDGE AS THE POWER OF NEW CONSUMERS IN THE GLOBAL ENVIRONMENT

Ružica Kovač Žnideršić

Faculty of Economics Subotica, University of Novi Sad, Serbia

Aleksandar Grubor

Faculty of Economics Subotica, University of Novi Sad, Serbia

Suzana Salai

Faculty of Economics Subotica, University of Novi Sad, Serbia

salais@ef.uns.ac.rs

Dražen Marić

Faculty of Economics Subotica, University of Novi Sad, Serbia

Abstract:

From the Industrial Age, through the Space Age and the currently dominant Information Age, the world is in motion towards the Age of Man. Human potentials, manifested as talent, innovation and creativity, are becoming the essential determinant of developing companies and new consumers. Societies and economies are subject to radical and very rapid transformation on a daily basis. As consequences of economic crisis, the existing models have created highly difficult conditions, making some societies more vulnerable, and others more resilient. The social system is undergoing re-conception, and the value system is being redefined. The emergence of new forces in the domain of marketing and business tends to demand new concepts and practices. The traditional marketing concept is being replaced by the holistic concept, based on a broad, integrated perspective of developing, designing and implementing marketing programmes, processes and activities. In this context, under the pressure of crises on the one hand, and attracted by the amenities of technologies facilitating their lives on the other, new consumers are „gaining“ the power of seeking their own identities, while their behaviour is channelled to suit the desired perception of their environment. The overall behaviour of new consumers in the global society is undergoing rapid changes.

Key words: new consumers, values, new time, knowledge, learning.

1. INTRODUCTION

The volatility of the modern global environment determines the positions of the new consumers, both in qualitative and quantitative dimension of life. The modern-day world of the new consumers and their consumption are shaped under the influence of two factors: globalization and localization. Globalization, which we can undeniably consider a dominant driving force of modern-day business, is as a continual process in which the limiting impact of the geographic factors on the social and cultural affairs, relations and actions is marginalized. In response to the overwhelming wave of globalization, localization as a phenomenon attempts to revive and preserve the local values and culture. Strong intertwinement, interpenetration and interdependence of globalization and localization processes distinguish the modern environment in which the new consumers seek, choose, buy, use and assess goods, services and brands of different producers, forming, maintaining or changing their opinions, views and their overall behaviour.

A new marketing philosophy emerged as result of changes in the global environment; a philosophy committed to maintaining customer relationships, in which the interactions between the companies and their consumers, along with all stakeholders, are perceived as the key response to the past changes, but also to changes that are only about to happen. Firm customer relationships based on values are the foundation of every well-considered marketing inclination, while understanding the new consumers is considered a pillar of the modern marketing philosophy, representing a step forward from the widespread idea of knowing the customers.

There are several basic goals of studying the behaviour of the new consumers in the global environment. The first is to understand and predict consumers' behaviour; the second is to adopt regulatory policies in order to protect the consumers in the given environment, while the third is to reveal causal relations which condition a very important problem of informing and educating the consumers. It is no coincidence that Peter Drucker highlighted the existence of only one valid definition, which is: consumer creation. A well-conceived marketing strategy can affect the new consumer and his behaviour, on the condition that it has a clear image of its consumer, transparent both on the outside (identifying) and the inside (understanding). What exactly will be offered, at what price, through which marketing channels it will be distributed and how will be it communicated depends on the customized new consumers in the target segment, their motifs, wants and preferences, but also on other determinants featuring as accompanying yet significant factors in the decision making process. This brings us to a conclusion that the new consumers' decision making process is of greater importance to the manufacturers and marketing channels, than to the consumers themselves.

The goal of this segment of research concerns the knowledge of the new consumers in the global environment and their interactions with the environment, i.e. their relations and reciprocal influence.

2. NEW TIMES FOR THE NEW CONSUMERS

The growing role, application and possibilities of information technology have led to many changes in the entire environment, companies and consumers' lives. New technologies, which expedited the intensification of competition, have empowered the consumers not to be treated as a mass, or even as segments, but as individuals – the individual consumers. They demand personalised products, and the companies adapt their offer to them – the individuals. New technologies enable companies to acquire and utilize the information on individual wants of the new consumers, so that they can offer them unique, personalised products. That is the reason why marketing theory proposes the recent marketing mix - 4 P's for products and 7 P's for services) should be changed, so as to include an additional marketing instrument in both cases, which is personalization.

This kind of change in competitiveness played a role in moving from traditional, i.e. transactional marketing to relationship marketing, based on databases, interaction and networks (with business partners and other players the given settings). Relationship management with key consumers and all the stakeholders is becoming a precept for a modern global company. Owing to new technologies, industrial relations and the corporate social responsibility (social marketing), constituting the so-called holistic marketing, are not disregarded either. That way, marketing is capable of learning the wants, needs and preferences of each individual consumer by means of direct interaction (via marketing research) and fulfilling them, all by including the consumers in the process of defining the unique value proposition concept.

Changes occurring both in the environment and the marketing practices of companies focused on new consumers are present in the domain of sustainable development. Profit, until recently the sole expression of economical sustainability, is being fused with environmental goals and other aspects of social responsibility. There are numerous issues of importance for the customized consumer, where marketing can and should contribute to resolving. For example, the issues of global warming, utilization of alternative energy sources, water shortage, hunger, obesity, diseases and so forth, where marketing programs often encourage consumers to consume excessively and irrationally. Current practice has revealed that consumers value and reward companies included in resolving social issues. Branded social programs, sponsorships, philanthropy, etc. have therefore become the additional sources of power for the companies.

3. GLOBALIZATION

Global competition is a specific feature encountered by local companies, both on the domestic and international market. A vast number of industries are under the influence of foreign competition and are consequently becoming globalized themselves. Global companies shape the global culture and global consumer wants, thus creating new consumers, new values and new brands. They create the global culture by means of many kinds of offline and online media. The global culture propagated by these media, through promoting brands and values to create new consumers, shapes the consumers' lifestyles in developed market economies. Such popular products and lifestyles are mostly accepted by young, urban, educated consumers with greater purchasing power, who become the so-called “new consumers”. The interactivity of the new consumers was generated by the globalization of their environment, which is a result of the scientific progress and technology, but also of the consumers' demands for

change. Owing to the Internet, consumers are becoming interconnected, more active and demanding, which requires companies to include them into the concept of unique value.

However, new times have brought on fundamental changes in the needs and shopping patterns of mature consumers, whose consciousness of the environment and their own health has grown immensely. They live in smaller households, want to make shopping as easy as possible, avoid travelling long distances to shop, and are more and more committed to buying locally produced goods. They have become more distinct when it comes to their lifestyles, but also shopping habits, than the previous generations. They wish to live healthily and sustainably (as well as the followers of Lifestyle of Health and Sustainability – LOHAS). Opposite of them are those consumers who carefully observe the price movements; both segments, however, prefer the quality goods. Such polarization of the mature consumers' market does not mean complete eclipse of the middle market segment, but a growing presence of hybrid shopping patterns.

Serbian consumers have also kept pace with the global expansion of the Internet, especially the younger generations, who are ready to renounce television, but not the Internet. Hence, the role of the Internet has extended from just being a way of communication (social networks) and promotion, to being a source of information on purchasing products and services, and market behaviour in general. The young generations do not fall behind their peers in the developed countries in using the Internet, but the lag is evident in online purchasing. The Internet is most commonly used for accessing required information, participating in the online communities, as a means of self-education and educating the close ones, and subsequently, seeking information on products one seeks to purchase. The power of their word-of-mouth manifests itself through forums, which become a form of visual marketing.

4. NEW CONSUMERS FOR NEW TIMES

The modern global environment and the changes occurring in it, as previously stated, alter the consumers' established behavioural patterns, habits, opinions and needs. The consumers are complex beings, and their behaviour is therefore stimulated and motivated by a wide range of factors. The changes occurring in the environment involve all sections of the society, thus forming entirely separate and different behaviours in satisfying the needs and wants of the consumers. Studying consumers provides an understanding of how the needs are satisfied, i.e. an insight into the "total" existence of an individual, which is a reflection of a particular environment.

As well as the access to a vast amount of information, modern information technology increases the specific features of consumer behaviour, starting from the information revolution, which facilitated the maximum customization of products and services to the requirements of the new consumer, enabled the marketers to offer more products and services than ever before, made the exchange between the marketers and the consumers more interactive, additionally making such interactivity an axiom of modern marketing. In the modern-day environment, consumers have more power than ever before; such circumstances, however, raise the issue of the actual degree of their rationality and irrationality. Where does the information revolution lead, does it really lead to the Ag of Man, whom it supports, and does it really empower the consumer, or does it provide most benefit for marketers, companies and the centres of power?

The detailed identification of factors influencing and determine the position of an individual, i.e. a consumer in the environment, along with the identification of the entire range of the individual's behaviour, from inclinations to abilities and affinities is highly complex, with a vast number of factors that react interactively and affect one another and the consumer's behaviour. The act of deciding on a purchase itself is a multidimensional and multidisciplinary process, bearing in mind that consumers, as dynamic and a complex individuals, live very differently. Cognition of factors and processes of the global environment that influence consumer behaviour can serve as a basis for directing the behaviour of society as a whole (antisocial behaviour), act as an incentive for socially beneficial behaviour and consumption of products (organic products, recycled products, environmental activities etc.) and, finally, provide conditions for consumer protection in terms of objectionable behaviour and the impact of the global environment. It is evident that the companies' approaches to building connections between their products and services and consumers' lifestyles in a particular environment are influenced by how exactly the needs are satisfied. It is the different lifestyles, i.e. the features of lifestyles through which people distinguish and identify themselves in different spheres of life, from belonging to a certain segment or a groups, to the wider extents which cause the diversity and generally make the consumption possible, that present stimulating challenges for the companies' marketing activities. We can say that lifestyle is somewhat of a portrait of a person and their interaction with the environment.

Closely related to the above stated is the issue of an image that consumers want to project, i.e. how they want to be perceived by others. The so-called "vanity scale" (Schiffman & Kanuk, 2004, pp. 116–117) presents itself in two aspects: physical vanity and achievement vanity. Physical vanity is related to excessive preoccupation with one's own physical appearance. Issues belonging to this section of the vanity scale are related to the concern for physical appearance (such as the following attitudes: I find my appearance extremely important; I devote a lot of attention to physical appearance; it is important to me to always look well), attitude towards the physical appearance (e.g. people find me attractive, people envy me my looks) etc. Achievement vanity is related to excessive concern over one's own accomplishments, and can be related to the concern over success (e.g. I am obsessed with professional achievements; I find it important to accomplish more than my colleagues; I want others to recognize my success), attitude towards success (e.g. people highly value my success; I am a good example of professional success; others would like to be as successful as I am), and so on.

5. THE POWER OF THE NEW CONSUMERS

Throughout their lives, consumers acquire new roles, change their social status, adopt new attitudes, prejudices and interests, and adjust their experience in situations emerging in the environment. This means that the individual per se is not just a passive observer, a recipient of influences in the process of socialization, but actually induces changes by means of their behaviour and conforms to the requirements of the surroundings they belong to. A great share of individuals observe things as they are and question why they are so, whereas some observe things the way they should be, and question why they are not. It is the individuals that build values, beliefs, customaries and rituals which shape and affect their behaviour and lifestyles. The consumer culture, as a social phenomenon encompassing multiple areas of human behaviour in which the consumer goals (wants, needs, preferences) and acceptable instruments for achieving consumer goals are formed, is a response to such behaviour.

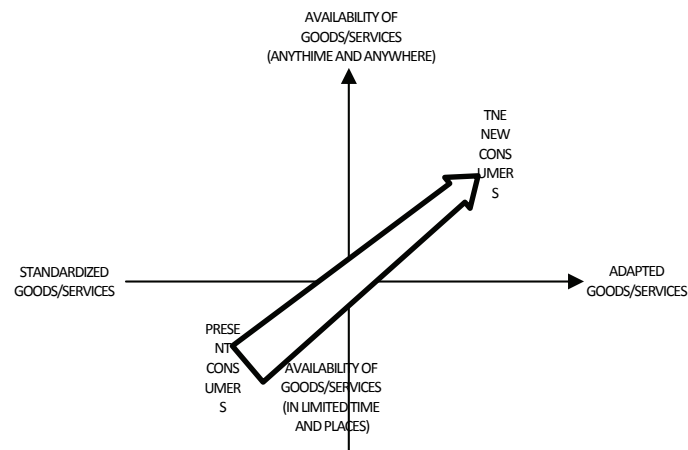
According to some authors (Kesić, 2006, p. 48), culture is in fact a pool of material and spiritual values decided by tradition and present-day changes, which forms specific behaviours and points to the causalities of culture, where the traditional values and present events are perceived as causes, and the explicit behaviour of an individual, a consumer, are perceived as the effect. It is a fact that culture is what expresses the entire beliefs and values adopted by a society, which represent the basis for the socialization of individuals in a certain environment. Culture's adaptability to the environment is obvious, since that is the area which provides the individuals with the possibilities to face new challenges. The individual is the one who, offered a list of values and beliefs, adopts certain forms of expression, namely, objects, goals, ideas and behaviours. Values represent the profound considerations of an individual. Cultural values are not a static, but a dynamic constituent of a society's culture, which are established and exchanged throughout social interaction. Changes in the cultural values, which usually expressed themselves through changes in the consumer behaviour, can create new marketing possibilities (Maričić, 2011, p. 210).

It is no coincidence that Levitt (2004) concludes in his work on marketing myopia that the companies do not produce goods, but in fact purchase consumers and other business partners, i.e. purchase their power for own products and interests. In that light, the importance of effectiveness over efficiency highlights the prominence of managing the consumers and business partners. Companies secure the power over the consumers and enterprises in form of competitive advantage in real time, by using the capability to launch products, low prices of products and services, innovativeness and creativity.

Contemporary global environment is very dynamic and, as such, determines the positions of consumers in all aspects of life; it is therefore necessary to continuously research the modern consumers and their needs and preferences. The variety of tastes and preferences expands even further, and the list of most sought, wanted, or better said, "demanded" products and services becomes more extensive and complex. The social milieu affects consumer behaviour by adjustments and restrictions via different conveyors, using group rules and group values. Values direct consumer behaviour in the process of buying products and services; they relate to objects, goals, ideas and behaviour in general. That is to say, values are the individual's assessments exchanged through social interaction, depending on one's interests. It is the changes in values that can and do lead to changes in marketing activities, and also create new marketing possibilities. Consumer behaviour is modified since the early childhood and adapted to the demands of the transformed environment. The process of observation, specific behaviours and estimates cause the individual to accumulate knowledge needed to perform certain roles appointed to him by the society. The individual changes attitudes and opinions, and at the same time accepts the values and beliefs of a certain group or environment. It is the environment and the groups operating within it that offer the individual various lifestyles, along with a broad scale of persuasion, orientation, and behavioural motivations. The existing social references define the principles of life, models and benchmarks for comparing and evaluating one's own behaviour and affiliations with groups by changing the traditional forms of behaviour, habits, beliefs and needs of individuals.

One of the most prominent trends in generating new consumers highlights the importance of achieving a superior degree of consumer satisfaction by adjusting the products and services and making them accessible to new consumers anytime and anywhere.

Figure 1: The trend of liberation of the new consumer



Source: Maričić, 2011, p. 644.

Throughout the course of industrialization, consumers were in fact the prisoners of the companies, “forced” to buy standardized, mass-produced goods and services, at certain places and at a certain time. The new consumers, along with future consumers, are not in such a position in relation to the companies. They are capable of using all the advantages of technological development and improved quality of life. The new consumers are far more informed, sophisticated and demanding, which leads to the commercial success of companies’ ready to adapt to their demands. These circumstances point to the efficiency of legislation and other types of consumer protection implemented with the aim of achieving the consumer satisfaction and loyalty.

New technologies, as the pivotal point of key changes, has provided the modern consumers with power, not only for the present time, but also for the future. The new consumers need to be treated with openness and honesty, for they are able to recognize the quality and are not inclined to compromises and deception. Using the Internet, they are capable of being present anywhere online. Therefore, it is of lesser importance to a company whether they are present or not, in relation to how they are present; whether they appropriately and attractively present themselves to new customers. The results of empirical research (Salai & Kovač Žnideršić, 2011, p. 19) on the young consumers in Serbia suggest that they enjoy buying branded products cheaply in shopping centres. They obtain information through social networks (mainly Facebook), and are prone to impulse shopping. Social networks, on which they spend more and more time, lead to changes in lifestyle towards growing alienation, and consequently, the greater exposure not to the promotional messages of companies and the media, but to the influence of other members of social networks. This way, word-of-mouth communication is being replaced by viral marketing. Consumers are generally more focused on seeking their identity and aim their behaviour at projecting the desired image of themselves to the environment.

This raises questions on the current moral conflicts within the new consumers. They are associated with conflicts between different values and customs – conflicts between the values related to the notions of competition, identity, desire, greed and fear, and the values related to certainty, reliability of quality; a conflict between the desire to possess the goods and services which are undemanding and comfortable, and the desire to obtain them inexpensively. This implies the presence of a so-called ethical vacuum, in terms of trust, requirements, merits,

commitment and the exercise of supporting virtues; in terms of integrity, or devotion to the moral principles, fairness, empathy and respect.

The turbulent global environment further empowers consumers in all aspects of life and market activities. Through adjustments and restrictions carried out via different conveyors, such as social networks and group rules and values, the environment demands new abilities from the contemporary consumers in order to adopt innovations imposed by the altered patterns of market behaviour. Therefore, the consumers' empowerment is caused by the global changes in the environment and vice versa.

6. CONCLUSION

The contemporary world of the new consumers and their consumption are shaped under the influence of two factors: globalization and localization. Globalization, which we can indisputably consider the key driving force of today, is as a continual process in which the limiting effect of the geographic factors to the social and cultural affairs, relations and actions is made negligible.

New technologies, which expedited the growth in competition, have empowered the consumers not to be treated as a mass, or even as segments, but as individuals – the individual consumers. They demand personalised products and the companies adapt their offer to them, the individuals. Global companies shape the global culture and global consumer wants, thus creating new consumers, new values and new brands. They create the global culture by many kinds of offline and online media.

The recognition of factors and processes of the global environment that influence consumer behaviour can serve as a basis for directing the behaviour of the society as a whole, but also act as an incentive for socially beneficial behaviour and consumption of products. It is evident that the companies' approaches to building connections between their products and services and consumer lifestyle in a particular environment are influenced by exactly how the needs are satisfied. Different lifestyles, i.e. the features of lifestyles through which people differentiate and identify themselves in different spheres of life, from belonging to a certain segment or a groups, to the wider extents which cause the diversity and generally make the consumption possible, present stimulating challenges for the companies' marketing activities. We can say that lifestyle is somewhat of a portrait of a person and their interaction with the environment.

The new technologies, as the pivotal point of key changes, have provided modern consumers with power, not only for the present time, but also for the future. The new consumers need to be treated with openness and honesty, for they are able recognize quality and are not inclined to compromises and deception.

REFERENCE LIST

1. Brenkert, Dž. (2011). *Marketinška etika*. JP Službeni glasnik.
2. Kesić, T. (2006). *Ponašanje potrošača*. Zagreb: Opinio d. o. o.
3. Maričić, B. (2011). *Ponašanje potrošača*. Beograd: Ekonomski fakultet.
4. Salai, S., & Kovač Žnideršić, R. (2011). Marketing Research in the Contemporary Consumer Environment. *Management Information Systems*, 6(4).
5. Schiffman, L. G., & Kanuk, L. L. (2004). *Ponašanje potrošača*, 7th ed., Zagreb: Mate.