

The Consumer Market (Lecture: 5)

Consumer Market

- The consumer market is made up of all the people who make decisions about what to buy and what not to buy.
- Everyone who buys products or services is a consumer.
- ‘Market’ has a special meaning – relating to the likely demand for a product or service.
- Over time the size of the population of a particular country may not change dramatically, so the consumer market is fixed in size. It’s means that manufacturers and retailers must compete for business and try to maintain or increase their share of the market.
- The maintenance of regular large sales by food manufacturers and retailers benefits the wider community by providing employment for large numbers of people.
- It also boosts local and national economies by promoting cash flow from one area to another. Therefore, it is important that companies monitor trends in their sales and continually review the range of products they make, to keep their sales figures high.
- An example of research is the ‘Expenditure and Food Survey’ (DEFRA) which provides information on trends in food consumption.
- Different types of market research, such as surveys, group discussions and home product trials, provide information about what customers are buying, whether they like certain products and whether they would buy a particular product again.

Surveys – surveys are usually carried out in main shopping areas, e.g. shopping centers and high streets. The interviewer has a questionnaire. This is a set of defined questions with a set of answers from which the person being interviewed must select. This type of research provides a ‘snapshot’ of trends or opinions.

Focus Groups – group discussions - a small group of consumers and a trained interviewer meet to talk about particular products of trends in food consumption. The group is made up of a mixture of consumer’s representative of the population. However ‘target’ groups e.g. 18 year old females or older people, are sometimes used to measure their reactions to specific products.

Home Trials – consumers are given products to try at home and a follow up discussion is carried out at a later date. This method provides responses from the whole family, not just the person who does the shopping. It is possible to see whether the product meets the needs of a particular ‘target group’.

The consumer may consider factors such as:

- Product appeal (the food and its packaging)
- Value for money
- Health
- Special attributes, e.g. Halal
- Advertising
- Portion size
- Convenience

Saturated Market

- If one type of product, such as baked beans, is popular for a long time, there will come a time when sales cannot be improved by the introduction of new brands. The market has become ‘saturated’.
- Companies may therefore diversify product lines in order to create new markets. For example, the baked bean market was diversified by offering the product with flavored sauces, such as barbeque or curry, or by adding burger bites.

Target Group

- To offer a greater choice of products and reach a larger portion of the consumer market, companies often target groups of consumers who are similar in one respect. This may be their age, income, taste, lifestyle, health or beliefs.
- Foods are then produced to meet their needs. The product range is designed to meet the needs of the particular types of consumer, such as children or single people or slimmer’s.

Niche Market

Niche market-concentrating all marketing efforts on a small but specific and well defined segment of the population. Niches do not 'exist' but are 'created' by identifying needs, wants, and

requirements that are being addressed poorly or not at all by other firms, and developing and delivering goods or services to satisfy them. As a strategy, niche marketing is aimed at being a big fish in a small pond instead of being a small fish in a big pond and also called micromarketing.

- Some product lines are not expected to sell in vast amounts, but they fill a special gap or ‘niche’ in the market. A ‘niche market’ is usually based on a reaction to a trend in consumer purchasing.
- Environmental concern has resulted in consumers developing a greater interest in the way products and packaging is made, so many manufacturers have reacted by producing environmentally friendly products and packaging.
- Products such as ready meals have been devised to provide convenience for those with a busy life and little time to cook.
- ‘Premium priced’ (luxury products), have been developed with consumers aspiration for status and/or a higher disposable income in mind.

Market Share

- Companies compete with one another to sell their products and increase their market share. In order to compete effectively, information is needed about why consumers buy some products in preference to others.
- This information can be collected through a variety of market research methods. It is important that food companies continue to look at their sales figures and review their product range in order to keep and increase their share of the market.

Market Research

Companies need to keep up to date information about factors affecting patterns in consumer purchasing, such as:

- Price
- Consumer preferences
- Availability and level of demand for products in different areas of the country

Other factors affecting patterns in consumer purchasing, such as:

- Product ‘fashion’ or trends, for example increased demand for organic foods or reduced fat foods
- Influence of advertising
- Familiarity and loyalty to brands and products

Desk Research

Gathering and analyzing information, already available in print or published on the internet.

- Desk research is another method of detecting trends, such as consumers’ food purchasing habits or population changes.
- Many organizations conduct research of this type. They publish and sell the data to anyone with an interest. This type of research is often cheaper and less hard work than other techniques such as surveys.