

Consumer' Freedom of Choice and Marketing

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Abstract. The consumers' freedom of choice is an aspect major importance in a consumer society, and it is important to analyse the various implications of this concept on the actual choice. The paper aims to highlight some main ideas in favor and against whether the theory of rational choice is well founded in practice, with the objective to identify some important research areas insufficiently discovered related to consumer choice. In order to achieve this, the paper will present the basic theory of rational choice and the critics' opinion on three main elements of the theory, resulted from insufficiently tested assumptions. Then it will provide an analysis of the implications of all these perspectives on the consumer choice in practice and everyday life. The results consist the identification of some important aspects of consumer choice that need to be further researched, concerning the impact of experience on the development of the choice ability of each individual, as well as the learning needed and methods best conceived to tackle the purpose of increasing the consumers capacity to choose, more or less rationally, but certainly to their best interest.

Keywords: consumer behavior, marketing, rational choice.

1. Introduction

The problem of the freedom of choice of the consumer is placed at the crossroads of the general economy, marketing, psychology, sociology and anthropology. Consumers' freedom of choice is a main departure point for many general theories on the consumer embedded in the general economy theory, while for marketing it is a place for influence and interaction, with the aim to attract the consumer as easily and as much as possible. For marketing the means of achieving this consists of the market research and the practical applicability of the knowledge provided by the research on the economic actors in their concomitant roles of buyers, consumers and users. Strictly speaking of the consumer term, it defines the persons involved in economic exchanges, most of the time individually but sometimes also as groups of consumers, such as the family unit, that is the target entity for a specific type of products. The knowledge base on the consumer received the generic name of consumer behavior, and it's the key aspect on which the marketing strategy and decisions are based. The consumer behavior field often needs a multidisciplinary approach, where the role of behavioral sciences, especially those of psychology and sociology, provide fundamental concepts and theories for other fields of social science.

As the main concepts on the consumer come from different social sciences, each of them has succeeded in highlighting some particular perspectives on consumption and the consumer. Yet, in the economic and social reality, only some of them seem to dominate, and, as a consequence, to deeply influence the economic policy and institutional structures, even though the empirical evidence doesn't seem to support them more compared to others.

In the following sections of this paper we will focus on the main concepts on the consumer existing in the scope of marketing, and provided by the economic science as well as by other social sciences. Further we will be able to identify in a final section the implications of the freedom of choice for the consumer within marketing.

2. Theoretical background

In order to approach the consumer behavior field as a subfield of marketing it is necessary to analyze two dominant views: the one provided by the economic theory and the other offered other behavioral social sciences. Firstly, the economic perspective on the consumer is important as marketing at its roots is based the economic science, at it is natural that it kept many concepts and assumptions provided by the economic background. Secondly, marketing can't function apart from the economic concerns dominant in the society, being closely related to management and increasingly to the economic and social policies, leading to social marketing, another subfield derived from economics. The basic concept and set of assumptions start from consumers' rational choice, a theory embedded in the economic science, as well as in the current society mentality. The behavioral sciences perspective on the consumer offer a strong conceptual basis to marketing, and gives more credit to emotions, social interaction and morality in the purchase and consumption behavior, and it is more used in practice for commercial communication than for social marketing. It is obvious that in this second perspective, consumer behavior is much harder to model with mathematics, provided the multitude of variables and well as the lack of strictly independent or dependent relations among them, but rather the interdependence between these variables.

In existing literature, there are many voices in favor of the rational choice of the consumer, as well as many critical opinions. In the following subsections we will present some of the most vocal opinions in favor and against this, as well as a critical analysis of their implications for the consumer.

2.1. The model of rational choice of the consumer

The model of rational choice of the consumer is so extended and deeply embedded in the structures and the institutional framework of the modern society (having as model the western society), that it is familiar to any kind of auditorium. The main idea behind this model states that each of us behaves in such a way as to maximize the (individually) expected benefits for the actions performed. According to a certain premise of the rational choice model, the human behavior is a continuous process of reasoned decisions among different courses of action. In front of these choices, we weight the expected benefits and costs for different actions, and choose the one that offers the biggest net benefit or the lowest cost.

The literature concerning the rational choice models and its critics is immense. A general perspective of this theory and the most usual critics to it can be found in the paper of John Scott, "Rational Choice Theory" (Scott, 2000, pp 126).

The process of evaluating the net costs and benefits of the available alternatives involves two distinct elements: an expectations set concerning the results of each choice, and an existing evaluation of these results. This characteristic of the rational choice model lead to its second denomination in the current literature, the name of expected value models (Fishbein, 1973).

The key feature of the rational choice model (especially important for its application on consumer behavior) is the concentration on the individual as the main analysis unit. Within the model, the individuals are the one to make the decisions, on the basis of rational deliberations that consist of individual evaluations of the results subjectively expected. The value attached to a result is also named the "utility" of that result for the respective individual. The approach centered on the individual within these models is also known as methodological individualism. From this perspective, the social behavior is a characteristic issued by the sum of individual behaviors, each of them being the result of reasoned choices based on the subjectively expected utility of the individual.

One of the reasons for which the theory of rational choice is so familiar in today's society, comes from the fact that its essence draws on the fundamental intellectual concepts on classic economy. As an example, the cost-benefit analysis isn't but a strictly quantitative form of the model of rational choice.

2.2. Critics of the rational choice model

The center of the rational choice theory is the image of self-interested economical person, one that has its origins within the work of Adam Smith and John Stuart Mill. Although this is a convincing representation, taken as true by many modern institutions, this construct of the human action has received many critics, and the second half of the XXth century has brought some more intense attacks to the model of rational choice for a multitude of reasons.

The model of rational choice is built upon a series of essential assumptions on social action (Scott, 2000). These can be divided in three main elements: a) the fact that the choice is rational; b) that the individual is the right unit of analysis for the social action; and c) that choices are made according to the own, individual interest. The rationality assumption has been attacked mainly on cognitive concerns; the individuality assumption has been contested in sociology and the assumption of self-interested person has been attacked morally and epistemologically.

a. The limited rationality, the emotions and habits

One of the most famous critiques to the model of rational choice can be found in the work of Herbert Simon, winner of the Nobel Prize. Simon argues that in decision context, the involved person faces uncertainties concerning the future as well as concerning the present costs of gathering the information (Jackson, 2005). These two factors, he claims, limit the possibility of making a rational choice (with the meaning of having a complete account of the net costs and benefits). Thus, the consumer not only doesn't have enough time to gather the necessary information in order to make a detailed comparison among the options, but, above this, some information just aren't available, since they concern events in an uncertain future.

One of the ways in which people cope with cognitive requests of the choice process, especially when it takes place in a habitual context, it's a variety of pre-judgments and cognitive and emotional heuristics – empirical methods – that enable them to make fast and sometime even unconscious decisions (Tversky and Kahneman, 1974). From a certain point of view, habits can be regarded as cognitive scenarios with a role in reducing the thinking effort needed in taking routine decisions, and have an already determined rationality (an optimum in the perspective of the individual interest). As long as these cognitive scenarios serve the interests of the rational choice, they indeed can be seen as rational habits, with the benefit of reducing the transaction costs associated with rational deliberation. But, quite often, the existence of counter-intentional habits (Verplanken and Faes, 1999) strongly interferes with the individual's ability to make decisions in his own interest. More exactly, in any situation when a person tries to change his/her behavior, the transactional costs of the rational deliberation seem to be doubled by the existence of a habit behavior. In such a case, there is a need for an additional cognitive effort in order to overpass the habitual behavior, even in situations when the new behavior brings substantial benefits to that individual.

Beside to role of habit in everyday behavior, the critics of the rational choice have pointed out also to the emotional and affective dimensions of the decision-making process. Of course, the theory of rational choice can try to win back the rationality in such cases by including the affective answers towards dogs or towards the green color in the individual utility concept, and can even attempt to give an economic value to these affective answers by evaluating the time and money spent to clean the dirt made by the dog. But from the point of view of the critics of the rational choice theory, who emphasize the emotional role (Zey, 1998; Etzioni, 1988), this can only be a poor and possibly tautological attempt to protect a theory insufficiently built within its own limitations. In fact, in some constructs, the recognition of the important influence of emotions on the choices of people threatens to pull down the cognitive deliberation as the determinant of behavior. There have been attempts to build up a

rationality theory for which the reason would be seen – far from a deliberative process – a set of answers depending on some learning patterns existing in the human body and known as “emotional markers”(Damasio, 1994). In this model, reason in its self is a construction based on our emotional answers to different situations. In other words, we make our decisions according to our cognitive answers to affective (emotional) states of mind, which in their turn are the result of psychological reaction mechanisms of our body, and are formed by inborn answers as well as by learnt behaviors which enhanced by the individual history.

b. Arguments against individualism

The “methodological individualism” is familiar especially to the western society, but is gaining more influence in all kinds societies of the global market, being deeply embedded in the institutions of the modern economy. The concepts of individual choice, rights of the individual and priority of the individual preference have a central role in the structure of the market economy as well as in the culture of the western society.

Yet, the notion of individual choice has been discussed for a long time in the social psychology of identity, George Herbert Mead being the first to propose o notion of social built self. For Mead (Mead, 1934), the self is the result of “social conversations”, and that social interaction somehow formally precedes the identity of the person. So as humans, we learn to build a sense of our self, an identity, but this happens only through our interactions with the others. According to social psychology, the relation between self and the others must be regarded as dualistic. Even though the concept of individual capable in itself to interact with the others and as a consequence to influence the nature and structure of social conversations has a certain level of coherence, it’s birth and development depends on social interactions, the social conversations he will in turn follow. Our “individual” decisions are influenced by our relationships with the others at a level beyond our conscious control. Individual choice in this construction of identity lacks stability in this web of social norms, expectations and interactions.

c. The critique based on morality

The last major critique of the theory of rational choice refers to the idea that people act in their own interest. This as well is a long lasting debate, at least as old as the history on classic economy. The critics of the concept of self-interested economic person point out to the moral dimensions of individual behavior as well as to the acceptance from the individuals of the moral dimensions of the social structures (Scott, 2000).

The last idea is obviously connected to the problem of the responsibility for the social structure within the methodological individualism. Why do we accept, as individuals, the existence of the social structures? One of the reasons could be that, as some opponents of individualism say, these structures precede formally the individual behavior, and that we, as individuals, are automatically socialized, helpless in front of the institutional structure. Another possibility would be to recognize that, as individuals, when we let our behavior be governed by individual interest we fail to protect the long term interests of the society as a whole. Yet, by accepting any of these explanations, we actually reject the fundamental aspects of the theory of rational choice.

The moral dimensions of behavior are as well visible from the individual action perspective. For example Frank (1988), notices the place of the moral sentiments in human decisions. Thus, we often follow our own interest with a restricted meaning, for the sake of altruistic motives, with a larger meaning. We invest time and energy while caring for our children, our family and our closest friends, and occasionally for total strangers. An even more confusing aspect, from the point of view of the rational choice, is the existence of self-destructive reasons, such as revenge and hatred, which leads us to destructions to the others with the price of affecting our own person.

2.3. The consumer from marketing perspective

When speaking about marketing, we understand from the beginning that its focal point is the client orientation. In the same time, marketing is a field with a great practical applicability which has tried to

gather under its scope knowledge and concepts from both perspectives on consumer behavior mentioned above and to best use them for its purpose, that is to identify, anticipate and satisfy in a profitable manner the requests of clients, as Chartered Institute of Marketing in UK is stating. Thus marketing is responsible with ensuring the survival and prosperity of the company in competition context, by succeeding in attracting valuable consumers on its side and to make them loyal. So, the consumer is the central figure in the marketing research and that the consumer is really sovereign for this area of knowledge, as he provides the information needed in making the right decisions, that will further lead to increasing sales and the market share of the company.

In the current reality, marketing involves that the basis of the management decisions constitutes the needs of the clients, their preferences and satisfaction. The modern definition of marketing is centered on the consumer and it implies the anticipation, the management and the satisfaction of the demand through the economic exchanges (Kermally, 2009). This aspect involves the development of researches on the consumer, the search for methods to reach the potential client, to find way to satisfy the current needs as well as the future needs of the clients.

Peter Drucker, the most famous pioneer in the theory of management, has become as well the most important voice in the field of marketing in its time. In its 1954 book, "The Practice of Management", Peter Drucker starts by describing the importance for a company to focus on the consumer in order to achieve the business goals. He states that "There is only one definition of the purpose of a business: to create a client" (Drucker, 2007). The client is the one to determine the identity of a business "because the client alone, through his wish to pay for a good or service, turns the economic resources into wealth and things into goods". "What the company thinks is producing isn't an aspect of first importance – especially not for the future of the business nor its success. The critical aspect consists of what a client thinks he's buying, in what he considers "valuable" – this is what determines the identity of a business, its products and prosperity."

Drucker mentions that a new "product" or a "service" is defined by the consumer, and not the producer. "The biggest danger for a new company is 'to know better' than the consumer what is its product or service, or what it should be, how it should be bought and for what to be used. The entrepreneur needs to accept the following elementary axiom of marketing: businesses don't get paid to change clients. They get paid to satisfy clients."

3. Consequences of the idea of freedom of choice of the consumer

The consumption model in the market economy has as focal point the consumers' freedom of choice and sovereignty. The consumer makes the consumption decisions and these, in their turn, influence the companies, determining them to produce certain products more and other less, and as a consequence the consumer has a big influence on the way in which the economy is working. Following this mechanism, the companies adapt their offer to the demand through trial and error, and on the long term, would theoretically lead to an efficient allocation of resources. Except that the reality of the consumer is a little different than what the economic theory suggests, and consumers' sovereignty doesn't really exist for several reasons:

- First of all, the information on the consumers that are collected by the producers are always imperfect due to the fact that consumers' needs and wishes are extremely diverse and continuously changing;
- Producers try to influence the evolution of the demand as much as they try to identify it through market research;
- The consumption decisions are strongly influenced by financial constraints;
- The consumer faces information deficits all the time, as rarely there is a possibility to obtain correct and complete information on the available offer at a certain moment, and in addition

to this many goods possess flaws and qualities testable only by direct experience, so only after purchase or only with the help of experts in that field;

- The consumer has information deficits concerning his own needs.

From the perspective of marketing, the idea of consumer sovereignty and freedom of choice is best illustrated in the client orientation philosophy, meaning that the company should strive to get to know consumers' needs and wishes with the purpose to satisfy them. The main problem with this is that it remains an ideal perspective, aimed to open the company towards its external environment, and not focus only on internal problems. On the other hand, through the marketing strategy that a company creates, it intends to actually influence, modify and determine certain consumption behaviors, intervening thus in consumer's freedom of choice. So, in practice we can speak of a limited choice for the consumer.

At the level of the consequences, the dominant idea of rational choice of the consumer is the one that favors the competition at microeconomic level, the progress towards more efficient solutions and the reduction of certain costs. The problem that persists is that the information set on which the rational choice is based on is considered to be easily collected. The competition among companies on products doesn't automatically involves a competition in offering information to the consumer, so that the choice to be rational. The reality is rather opposite, the companies choose to communicate at almost any level (not only clients, but also shareholders, mass-media or civil society) through images and techniques that allows them to communicate emotionally with each individual. This communication tactics are adopted in a reasoned and targeted way, so that companies succeed to make themselves heard and send the message they are wishing. The psychological and sociological research provides progress in the explanation of the interdependence relations between factors and in the construction of some cause-effect hypothesis, which lead to the expected results in a big part of the times, even though not always. This information regarding the individual behavior in social consumption context is reachable for the companies, and in addition, it's their own interest to integrate the findings of the research in their own activity and strategy. At consumer level, these findings of the research are less familiar and the informational deficit on his own self leads to decision errors in the purchase and usage behaviors and to dissatisfaction as well.

In its self, the competition between companies directed towards best serving the consumer is good. We might even say that this situation of wrong or incorrect decisions, comes more from the ignorance of the consumer, who simply accepts the theory of the rational choice and the idea that the client is king, and fails to see its own limits in the process of choosing. The examples when the sovereign consumer expresses his discontentment towards some practices directed to influencing his decision are rather exemptions. This we mainly accept the false or incomplete promotional messages, the lack of sufficient information about complex products, the lack of the possibility to test some essential qualities in the products promoted by producers, before acquisition, the lack of sufficiently diversifies products available for choice, naming some old products as "new" when the improvements in the product are not obvious or hard to detect and benefit of, the decrease in the quality of a product launched for some time on the market for the sake of firm efficiency and costs reduction, etc.

On the other hand, the entire stock of knowledge on the consumer and the mechanism of stimulation and influencing consumption, although used most of the time by companies, isn't their property only. More problematic is the lack of concern on consumer side for understanding his own decision making process, as part of the discovery of the self, and of the mechanisms companies use to influence his decisions. There are huge budgets for advertising spent each year to influence us, and we rarely question the way they are doing this, or the assumptions they base their decisions on. Through their action, the companies create a social reality we might not agree with, but which becomes part of our reality as it is placed in our attention more and more often. The internet is a fascinating tool for the information of the consumer but its existence doesn't simply solve the problem. The consumer must understand his own limits in the online environment as well, and starting from that to negotiate a better place for decision making in the free market economy.

4. Conclusions

In analyzing the theoretical and practical aspects of the idea of consumers' freedom of choice, it becomes obvious that this isn't an existing reality, but rather an ideal towards which we would like to go as consumers and consumption society. Without a critical analysis of this ideal, as it is in practice, and what it involves as changes in the society, it only becomes a "colored lens" on our eyes, which only leads to an accumulation of dissatisfactions based on obvious discrepancies we are facing: in a consumption society it is a discrepancy not to have enough choice as a consumer; many time the consumer has to make concessions on what a product or service should offer him, as he as options of choice only within what the average consumer demands.

In spite of all these issues, "consumers' sovereignty" must remain an ideal of the free market economy, as it remains as an ideal the perfect competition market. Today, no consumer will accept the possibility of choosing and deciding for him and go back to an era where a different individual decision than the rest wasn't an option. Still, as we are speaking of an ideal, in practice the ability of the consumer to choose correctly to his best interests isn't a gift he is born with, but a skill that is gained with the experience and the efforts. If we are able to acknowledge that in the process of becoming a two feet standing human being there are some efforts to be made, we could also admit that we aren't born with the ability to choose rationally, but we need to practice this choosing process and learn many things about ourselves on the way. If we are just beginning to understand that our choice ability depends on our own experience with choosing, there is a huge need for more research on this choosing ability and on the methods that can enable us to build our choosing capacity.

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