

# The Impact of Business Strategies on Consumers' Decision Making

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**Abstract.** In the modern world, as more and more companies and businesses enter the market, competition is extremely difficult to avoid, and it is rising with each passing second. In such a ferociously competitive market, companies will of course do everything in their power to remain competitive and to seek success and profit whenever possible. Modern marketing is based on centuries of business and marketing experience, combining many theories and practices to form a business strategy. Every business has its own unique marketing strategy according to its current position in the market. This essay will explore the underlying facts about consumer psychology and how different business strategies affect the consumers' decision. There will be a classification of businesses strategies into four phases, and each phase will play a different role in pushing the consumer to purchase. Consumers are also categorized into many groups, this essay will specifically address how the younger and older generations react differently to said strategies due to their inherent differences in experience, upbringing and mindset. Finally, the essay will also offer businesses a way to improve their strategies.

**Keywords:** Market, management, economics, consumers, strategies.

## 1. Introduction

In the complex business environment of the 21st century, companies and businesses strive to be the top of their game. Profit and growth are the most valuable in the current environment, and none of them can be achieved without a proper business strategy. These strategies vary, even in the same industry. For example, Starbucks and Tim Hortons are both coffee brands, but Starbucks sells its items at a significantly higher price than Tim Hortons, yet they both found great success in the same market. This is because although they are in the same market, being the coffee market, they do not have the same business strategy, and different business strategies may yield different results, but that doesn't mean one is better than the other. Customers on the other hand, are looking for certain things when they purchase from a seller. Whether that is quality of the product, exclusive of the experience, satisfaction from the customer service or the emotional value provided depends on the customer group and the companies' strategies. This essay will discuss how the basics of business strategies work and how they impact different customer groups differently, as well as ways to improve said strategies.

## 2. Different Stages of Business Strategies' Influence on the Consumers

When it comes to how a consumer is influenced by marketing, there are stages in which this process happens, or to put it more simply, different ways to approach marketing. This section explores these four stages.

The first stage of business strategies is to understand and process demand. Marketing should focus on creating an incentive for consumers to buy. A good example of this is holiday promotions, more specifically "special day" promotions, special days are days that are not widely celebrated such as Easter or even Halloween, but days like Pi Day or workplace special occasions [1]. Holidays like Christmas are traditionally associated with discounts and sales. However, nowadays, many marketers have taken a more innovative approach, creating an urgency to buy on special days. And instead of hating on the brand for the promotions, the consumers will appreciate the creativity of said promotions, thus increasing sales. This form of innovative marketing, as well as upgrading products

and other forms of sales and discounts essentially creates an urgency and more incentive to buy, boosting demand and thus boosting sales [2].

The second stage of business strategies is the evaluation of the products and their corresponding pricing. The consumer should be made to believe the value a product has been advertised to represent, values such as functional values, emotional values and social values. After such preferences for a certain product has formed, the customer will then be willing to pay for its designated price. To better understand this point, one needs to look no further than luxury brands [3]. Luxury brands employ tactics to price their items far beyond their actual value, consumers are led to pay for the implicit value of these brands such as their brand history, making process and the social status they can provide. The added factor of personalization has also helped contribute to the skyrocketing prices of luxury items, a Mercedes C200 CDI increased by 14527 Euros in only 13 years. This style of marketing increases profit by increasing price, not the product itself or the quantity sold.

The third stage of business strategies is to target the consumers when they are in the process of buying products, eliminating the potential threats or dangers that buying a product could pose, or making it more convenient to buy a certain product. A business can offer a “pay after purchase” deal to the consumers, this inadvertently shortens and simplifies the process of buying anything, although it doesn’t actually provide any added value, it does, however, make it more convenient for the consumer. Another very effective method that plays in the psychology of consumers is the marketing of scarcity. The most common form of scarcity marketing is the “limited edition items” [4]. Companies and businesses will create either limited-time sales, in which consumers could only purchase an item in a given amount of time, or limited-quantity sales, in which only a certain number of items will be sold. Both can enhance consumers’ feeling of high status and wealth, as well as show their uniqueness. This largely plays into the mindset that if a certain item is not purchased immediately, the opportunity is lost forever. So even if a consumer is set to buy an item eventually, they will buy it immediately. These strategies increase the probability of consumers purchasing products, while also speeding up the process.

The fourth and final business strategy is to build and maintain customer loyalty. There are of course many ways to develop said customer loyalty, the most obvious being to improve the quality of products, as most people believe that the quality speaks for itself, this is especially the case in the food industry [5]. However, people often overlook another extremely crucial part of customer loyalty, that being customer service and the membership system. Scholars can look at a case study of Starbucks and learn the importance of its membership system [6]. Not only does it “award” members through accumulated points, baiting customers to increase the rate in which they purchase coffee from the franchise, but also makes it more convenient for members as it customizes options for customers to choose from according to their preference. On top of all of this, being a member lets customers feel a sense of importance and belonging, greatly enhancing loyalty to the brand. This comes with many benefits; it helps form a solid and stable customer base that ensures company and brand survival. Loyal customers tend to also help sell the brands’ good reputation, attracting more customers.

### **3. Different Customer Groups’ Differentiated Responses to Businesses Strategies**

When it comes to the implementation of business strategies, the situation becomes more complicated than it is on paper. Businesses often find themselves facing a very diverse demographic and customer base, which makes it extremely difficult to appease every consumer. This is the fundamental reason why businesses typically design different strategies regarding different consumer groups. This section will explain how the younger and older generations, two very symbolic groups react differently to business strategies and marketing.

The younger generation of consumers, mostly consisting of Gen-Z, people born between the mid-1990s and early 2010s [7]. This group of people are born in the digital age, having full access to technology from a very young age. It is exactly because of this knowledge and mastery of technology,

which granted them access to vast amounts of information, that these younger generation of consumers have developed by far the strongest consumer preference out of any other generations. They have shown a strong sense of care, responsibility and dedication to social problems that previous generations had neglected, such as the pollution in the environment, and the unresolved issue of poverty, etc. They prefer brands that show social responsibility to said problems, this is why many fast-food companies like KFC and McDonald's have turned to using bio-degradable materials for their cups. A negative example of this is the famous sports company Nike. For a time, Nike came under immense criticism and experienced a plummet in sales because they were reported to have been using child labor in third world countries [8]. Another aspect that Generation Z value is the personalization of products, they wish to express their personalities and identity. Companies such as Pop Mart and other toy companies that make "blind box" products are essentially built on this foundation of giving its core consumers (Gen Z) the experience of product customization. The Gen Z people are avid users of the internet and social media; they are more likely to be influenced by trends and fashions than any other consumer group. If a teenager sees a celebrity wearing a certain brand of clothing on social media, they will want to do the same, that's how a trend is formed. Under this environment, fashion brands have flourished because of the perceived social status and attention it has gained for the consumer. Many companies thus try to create a fashion trend to better sell their products, they will hire social media influencers of celebrities to advertise their items in hopes of creating a trend. One good example is the so called "Fashionalization" of outdoor brands in recent years [9]. Through a combination of good brand values and successful advertising, outdoor brands like CANADA GOOSE and ARC'TERYX were able to turn what was simply clothing designed for practical purposes in outdoor activities into fashion, gaining much profit in the process.

Due to the quickly aging population in the world, the number of elderly consumers has risen astronomically in the past several decades, and more are yet to come. They have already taken up a very large portion of the consumer base. This makes it impossible for businesses and marketers to ignore. Unlike the younger generation of consumers, elderly consumers do not share the same values, nor do they have the ability to use the internet and technology as well as young people. Baby boomers refer to people born in the late 1940s and 1950s, people who were born after World War II. The war had just ended and people were having lots of kids, but those were some tough times and people certainly lived harder lives back then as compared to nowadays, but nevertheless, the core spirit of the baby boomers is resilience, they believe hard work can make anything happen. With this knowledge in mind, marketers should understand that the older generation of consumers value practicality and cost-effectiveness more than anything else. Brand values, environmental stewardship or social responsibilities of companies are not the important thing to consider, nor are aspects such as personalization or innovativeness. In fact, elderly consumers tend to stick to older brands [10]. Newer brands mostly advertise themselves through digital means, and purchases are mostly made on the internet through platforms like Amazon or Taobao, but older people prefer buying them in actual shops. This is a problem that the rising e-commerce industry has to contend to [11]. They need to make information more accessible to elderly consumers while simplifying products to cater to their demands for practicality.

Overall speaking, marketers will need to find a balance between the two consumer groups, designing different business strategies that caters to the preferences of both.

#### **4. Ways to Improve Business Strategies**

There certainly are lots of ways in which businesses could improve their business strategies, because there is not a single perfect strategy or business, there is always room for improvement.

One way to do it is through the precise targeting of untouched needs and demands, companies and marketers need to put in the effort to figure out what aspects they had left out in their products or advertisements. They should engage in consumer surveys to identify inconveniences or unsatisfied demands that consumers face. For example, a restaurant in a very busy part of the city may suffer

from a lack of customers in the morning. They could do a survey and potentially understand the fact that people who need to go to work in the morning find it hard to squeeze any time to have a proper breakfast, especially in the busy part of the city that the restaurant is located in. After correctly identifying this previously undiscovered consumer demand, the restaurant could then start making innovations in its products, perhaps including more convenient and faster-to-make, faster-to-eat food in its menu. When all this is set up and done, the last step is to put out advertisements according to the consumers it is trying to target. It would be useless to advertise these new items near a hospital, for example. Because the people who get up to work early in the morning do not often go to a hospital, instead, advertisements should really be put out in places like bus stops or subway stations, where these people often go to. After this process, the restaurant has just successfully opened up a new portion of the market through the exploitation of unsatisfied consumer demands.

Another thing businesses can do is to decrease consumer resistance to purchasing through the use of instant reward systems [12]. This is a more psychological approach to marketing. When a customer is standing in front of an item, pondering whether they should actually buy it or not, the final result of them either buying it or not buying it is often decided by just a flickering thought in their minds. This is why it is important for businesses to try and dominate that moment of thought and guide consumers to purchase. Instant reward systems, unlike long-term investments, give the customer immediate feedback and rewards, it is different from the membership systems. The membership system aims to preserve customer loyalty, in other words, it targets those who have already made the decision to buy. Whereas the instant reward system targets those who are hesitant to buy. Telling a customer that they will get some benefits after 10 or 20 purchases will do nothing to stimulate them to buy an item immediately but telling them that they will get a gift with purchase or anything that they can obtain immediately after the purchase will certainly greatly increase the chances of the consumer buying the product.

Businesses must be able to correctly analyze their current situation and make adjustments and improvisations to their marketing strategies to better face the ever more challenging market.

## 5. Conclusion

In conclusion, thoroughly comprehending the four stages of businesses strategies and the corresponding reactions of consumers is essential for creating an effective and efficient marketing campaign. Recognizing the importance of creating demand, evaluating the product, and the buying process, businesses can change their approach to better fit the appeal of their customers. From holiday promotions that stimulate urgency to luxury pricing that highlights brand prestige, each strategy plays a pivotal role in influencing consumer behavior. Moreover, recognizing the diverse reactions of different generations—such as Gen-Z's preference for innovation and social responsibility, and the older generation's focus on practicality—adds complexity to the way businesses must approach marketing.

Improving business strategies involves not only understanding the current market trends but also anticipating the evolving needs of consumers. Businesses must remain adaptive, continuously assessing consumer feedback, addressing unmet demands, and reducing resistance through instant reward systems. The ultimate goal is to create a seamless and engaging experience for the consumer, one that resonates with their values and desires, while also driving brand loyalty. By balancing the needs of diverse consumer groups and continually refining their strategies, businesses can ensure long-term success in an increasingly competitive market.

As consumer preferences continue to shift, the companies that thrive will be those who can innovate, empathize, and offer value at every stage of the customer journey.

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