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## THEORIST-ECONOMIC ASPECTS OF THE PROCESSES OF THE CONSUMPTION GOODS SURD DEMAND

I.I. Sokolu, DEcon, Professor

*Odessa National Polytechnic University, Odessa, Ukraine*

M.O. Katashinskaya

*LTD "Institute for regional information", Odessa, Ukraine*

*Соколи І.І., Каташинська М.О. Теоретико-методологічні аспекти процесів споживання товарів ірраціонального попиту.*

Описані особливості та характеристики процесів споживання товарів ірраціонального попиту на основі врахування особливостей соціально небезпечних товарів. Описані класифікації товарів ірраціонального попиту. Виділені особливості споживання соціально небезпечних товарів ірраціонального попиту.

*Ключові слова:* ірраціональний попит, соціально шкідливі товари, державне регулювання споживання соціально небезпечних товарів

*Соколы И.И., Каташинская Н.А. Теоретико-методологические аспекты процессов потребления товаров иррационального спроса.*

Описаны особенности и характеристики процессов потребления товаров иррационального спроса на основе учета особенностей социально опасных товаров. Описаны классификации товаров иррационального спроса. Выделены особенности потребления социально опасных товаров иррационального спроса.

*Ключевые слова:* иррациональный спрос, социально вредные товары, государственное регулирование потребления социально опасных товаров

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Described particularity and features of the processes of the consumption goods surd demand for base of the account of the particularities social dangerous goods. Described classification of goods irrational demand. Dedicated consumption patterns socially dangerous goods irrational demand.

*Keywords:* surd demand, social dangerous goods, government regulation of the consumption social dangerous goods

One of the main categories of market and subject to the influence of marketing activities of the manufacturer and the seller is customer demand. Demand is not a static value and is the same for different products and situations. Therefore, the marketer should not only follow changes in demand for goods, but also to know its features and the ability to influence one or another of its kind, pursuing, thus, a common goal – without the cost of "rocking" to obtain the planned profit.

Goods related to obtaining undesirable effect for consumers' health or state economy of the, called harmful, socially harmful or dangerous. Socially harmful and dangerous goods are tobacco products; alcoholic beverages, as with a small alcohol content (beer and cocktails), and spirits (fruit, sparkling wine, vodka and alcoholic beverages, brandy); fast food; weapons; drugs; other socially harmful and dangerous goods [1, 2].

The consumption of socially dangerous goods causes damage directly to consumers: it is manifested in the emerging physiological, social problems, including negative evaluation and rejection in a social group, and, in some cases, leads to degradation with an accompanying change in the social class of the consumer. Economic damage to consumers is manifested in the form of unsustainable costs for the purchase of the product and the treatment of acquired diseases. For the state of mass consumption of socially dangerous goods also determines the emergence of social problems is the expansion of the disadvantaged population, increased crime and accidents, as well as the emergence of the economic loss due to reduced productivity and increased costs of medical treatment of diseases caused by the consumption of socially dangerous goods.

### Analysis of recent researches and publications

Theoretical and methodological issues of the implementation processes of consumption goods irrational demand and problems of state regulation of these processes devoted to the publication of the following scientists: T. Levitt, F. Kotler, B. Berman, F. Bukerel, A. Dayan, P. Drucker, J. Evans, A. Voychak, S. Garkavenko, V. Gerasimchuk,

S. Kerdash, A. Pavlenko, A. Starostina and others. However, in conditions of scientists-economists such questions is not enough studied in the basic branches of Ukrainian economy the most important is the food industry, namely the production of alcoholic beverages and tobacco products.

*The aim of this article* is to examine the theoretical and methodological aspects of the processes of consumption goods irrational demand.

### The main part

Consider the dilemma of the relative size of the gains and losses of the state from its consumption by the citizens of harmful, dangerous goods. While one side it should be considered economic contributions of socially dangerous goods in the economy and another side the economic cost of damage to its consumption. The ratio of the gains and losses for each country is a significant factor for the application of measures of struggle against socially dangerous goods.

Direct damage is manifested to increased mortality and morbidity among consumers, reduced life expectancy and reduced productivity; reduce public health, quality of life due to cost households not useful goods and services, and harmful goods. In turn, the health factor that decreases and life expectancy of the population causes the manifestation of economic losses associated with reduced productivity, lost GDP, increased costs of medical care. Indirect damage is manifested in adverse changes at the genetic level, contributing to good health and the health of future generations, as well as the deterioration of health and health passive witnesses to the consumption of unhealthy, dangerous goods. Additionally, consumption of socially dangerous goods can cause collateral damage in the form of environmental damage, pollution, fires, crimes, accidents, traffic accidents.

State benefits are tax revenues to the state budget in the form of VAT, excise duties, profit tax, and so on, as well as in the creation of jobs in the production of socially dangerous goods and related industries. Note the low significance of the last argument in favor of the economic profitability of socially dangerous goods for the state, because the reduction of demand for these commodities, the income will be spent on other groups of goods, thereby creating demand for the products of other industries and causing the need to expand jobs [2, 3].

Socially dangerous goods differ in nature caused consumer lost L. Dulchenok and K. Pichugin, classify these products into categories. As classification parameters they highlight the severity of the consequences of consumption goods and the rate of occurrence of these effects. So, in the case of consumption of certain goods (hard drugs) users or people may die, the nature of the occurrence of the fatal consequences will be most severe and irreversible. Frequent consumption of junk food will affect the body of the consumer gradual deterioration of health that will lead to disease and reduced quality of life and disability. In this regard, are the following groups of socially dangerous goods:

- 1) "guaranteed death" – hard drugs;
- 2) "slow death" – tobacco products and alcoholic beverages;
- 3) "reverse effect" – light drugs;
- 4) "worst life quality" – fast food [3].

O.B. Zvyagintseva is her own classification of dangerous goods, emphasizing that it's the excess rational consumption makes the products of socially dangerous and harmful for health. Goods conditionally unhealthy diet, harmful goods that are consumed with pleasure (strong alcoholic beverages, tobacco products) that are harmful in large quantities, but treatment in the medical norm (some wine) that are harmful in large quantities, but is neutral in sound medical norm (confectionery, foods with high fat content). Marketers need to take into account that the composition, assortment, pricing, sale and promotion of harmful products, as a rule, governed by the laws of Ukraine. Therefore, the development of complex marketing company, which produces similar products, must be adjusted according to the requirement of legislative acts, and also to use ways to encourage their consumption without breaking the law [4].

According to the classification to the legal status distinguish free circulation goods (tobacco, alcoholic beverages, fast food) with a limited circulation and control by the state (drugs sold in pharmacies; the weapons are sold in gun shops and goods prohibited to turnover (hard drugs, weapons of mass destruction). Legal status is determined by the severity of goods for consumers and the general public. He acts as the criterion strategy of opposing marketing regarding the reduction of irrational demand for goods. In different countries the legal status of socially dangerous goods varies and depends on public policy objectives and the received level of damage of the goods.

Tobacco products, alcoholic beverages, fast food are characterized by a long and gradual impact to the health of the consumer. The damage of its consumption is indirect through some disease, disability, reduced quality of life, so these categories of goods mainly available at turnover, restrictions are imposed only on persons who have not attained the age of majority (tobacco and alcohol). Certain types of drugs are therapeutic drugs (for example, codeine and morphine), its turnover is subject to regulation and control. Using such substances is permitted by a physician for medical purposes. Using drugs of this group as a drug does not cause devastating consequences for the body and rarely fatal consumers. To the group of prohibited goods are also related drugs like heroin, LSD, hashish, as hard drugs with a high rate of addiction and large medical complexities in the treatment of drug addiction.

The demand for socially dangerous goods is characterized as spam, irrational. Irrational (lat. "irrationalis") – silly – the unspeakable in a logical concepts and judgments, the comprehension of the mind; uses as a primary form of knowledge instinct, is considered in contrast to the rational, which means a reasonable, fit [5]. F. Kotler defines it as the demand for goods harmful to the health of the consumer or

inefficient from a social point of view [1]. This approach is agreed by V.I. Doroshev noting that irrational demand occurs when the demand is undesirable due to negative consumer properties of the goods concerned from the point of view of the welfare of the consumer society [6].

Sometimes irrational demand is part of the irrational consumer behaviour of the individual in general. In the works of D. Kaneman, A. Tversky, G. Simon [3], T. Veblen [7], H. Leibenstein [8], V. I'lyin [9] discusses the causes and factors illogical consumer behavior that indicates the limited rationality of the consumer. H. Leibenstein links irrational behaviour to effect of joining the majority, the effect of a snob, and Veblen's effect [8].

In some cases, the consumption of socially dangerous goods can be described as conspicuous consumption as joining the majority, but in addition often the consumption of socially dangerous goods due to a number of needs and motives of the consumer (clerically action), its settings (valuational action) or habit (traditional).

Consumer behaviour relation to dangerous goods is associated with the irrational and rational motives, which later develop to irrational demand. A number of authors, in particular, G. Becker, M. Grossman and K. Merphy, F. Chalupka [10], empirically confirm the rationality of the choice goods, addictive which include dangerous goods, harmful for health.

The marketing activities of producers of socially dangerous goods affect to the level and composition of irrational behaviour and demand that have the characteristics of manipulative marketing, the ideology which comes from the indirect assumption that under sufficient pressure demand can lead to the requirements of the proposal and not vice versa. Among the events of this marketing manufacturers can take using techniques that exploit the impulsive behaviour; advertising that exaggerates the properties of the product and the expectations associated with these properties; advertising, exploiting the pain and concerns of the people; providing consumers with false or inaccurate information in relation to prices; the comparable advertising; the illegal use of another registered mark, etc.

Feature of consumer behaviour on the market of socially dangerous goods is the stage trial of consumption which further defines the attitude of consumers to socially dangerous goods. In behavioural aspect results of test consumption can lead to avoidance of consumption of socially dangerous goods, non-scheduled (periodic) or regular consumption.

If we consider the regular use of socially dangerous goods, important is the influence of the time factor, which is not characteristic of other commodity markets. The time factor which is manifested in the parameter "duration of consumption", poses physical and psychological dependence consumers from dangerous goods. This is because tobacco products, alcoholic beverages and fast foods contain substances that are addictive. The

development of dependence by increasing the duration of consumption of socially dangerous goods associated with another feature of consumer behaviour: later the rational motives, which led to the beginning of the consumption of socially dangerous goods, are transformed to the habit. When implementing behaviour based on habit, the consumer has to a small extent independently think about received from consumption of benefits and costs.

According to standard theory of consumer choice it is impossible to explain the reasons for the development of the habit of socially dangerous goods, because this theory does not take into account the consequences of addiction. The best explanation for the behavior of an individual when choosing consumption of goods that are harmful to the health of the theory of rational addiction is proposed by G. Becker and J. Stigler and its modifications are developed by G. Becker and K. Merphy, and also by A. Orphanides and D. Zervoc [10].

The basic idea of the theory of rational addiction is the consumer acquires the habit of harmful goods, acting rationally. He, as well as with the consumption of other goods, consistently maximizes utility at point in time on the basis of a stable system of preferences and anticipate the possible consequences of own choices in the future. In the framework of this theory the consumption of harmful goods is seen as a benefit, the consumption of which affects the marginal utility from an additional unit of consumption in the future through the mechanism of formation of consumer capital. M. Becker and K. Merphy determine the marginal cost of consumption units benefit through the opportunity cost of additional time spent in present and future consumption goods, generates the habit, and the future loss of usefulness in reducing consumer capital from the consumption of socially dangerous goods. However, in this case the costs from the consumption of goods harmful to health remain unaccounted losses in utility arising from a possible decrease in life expectancy irrational consumer in comparison with the rational individual.

Cognitive dissonance arising from the smoker and alcoholic based on the contradiction between the consumption of harmful product and knowledge about its harm or other facts that are perceived negatively. To achieve cognitive consonance consumer socially dangerous goods may in three ways: change your behavior, you have to quit consume socially dangerous goods or edit the settings for their own consumption; change knowledge, that is, to convince myself that all arguments about the dangers of these products at least exaggerate the danger, as the maximum false; ignore information about the harm from the consumption of socially dangerous goods and other negative aspects. The choice of reducing dissonance method (or achieve consonance) influences to attitude towards the consumption of unhealthy products, is influenced by social, cultural, psychological and personal factors, traditional and conversion marketing incentives, their own experience and information about tools to help

consumers harmful goods to reject from the consumption of socially dangerous goods.

We have developed a model of consumer behavior on the market of socially dangerous goods, which includes three stages. At the initial stage, the consumer is updated any need that may manifest as a need to stress, in recognition of the reference group or belonging thereto, in the image change, new experiences, knowledge or curiosity, self-esteem improvement. Formation can occur under the influence of marketing incentives of enterprises producing dangerous and harmful goods. Finding information about how to meet this demand occurs unconsciously, there is a special action to obtain information and the consumer does not do as in the case of traditional marketing.

An important step is testing the social consumption of dangerous goods that may take some time from a single case. In the trial of consumption, the consumer evaluates the effect that manifests itself as a set of benefits and costs. Under the benefits in this case refers to the ability and efficiency of consumption as a way to meet needs. For example, if the teenager began to use tobacco or alcoholic beverages in order to gain recognition in the reference group, but this did not affect the attitude to it, the more likely that the adolescent will refuse to continue smoking and drinking alcohol.

Thus if the effect of the consumption of socially dangerous, harmful goods is recognized as negative, the user is returned to step unconsciously search for information about other ways to meet basic needs. In addition, dissatisfaction affect consumer's attitude towards the consumption of these goods, forming their negative image. If partial satisfaction is when positive effect in one aspect accompanied by negative manifestation in another, the consumer may become irregular harmful consumer goods. When the effect is satisfactory, the consumer starts regular consumption.

Other factors affecting consumer choice in favor of one option or the other behavior, it is internal and external factors social, cultural, personal and psychological order. The most important social factors, when the user imitates the behavior of the reference group. For example, when restricting smoking in the workplace the working group does not withdraw from the area, and just equip another place for Smoking, and the consumer together with the referent group continues to consume tobacco products or the consumer price usual brand of cigarettes may be perceived as high, but if in the reference group, none of the smokers did not buy cheaper socially dangerous goods, the consumer because of the unwillingness of condemnation may also continue to consume this brand of tobacco products [2].

Personal factors determine consumer behaviour in the situation of the decision on the extension or waiver of the consumption of socially dangerous goods under the influence of tools opposing marketing. If we consider the impact of the price increase, the level of consumer income is a determinant of his behavior. Marital status, in particular, the presence of children, defines the

attitude of consumers to information about the dangers of passive smoking.

Traditional and conversion marketing incentives in the form of new brands, new varieties of tobacco products (with lower tar, nicotine with advanced filters) and alcoholic beverages (for artesian water, with a triple degree of purification), incentive promotions, advertising can influence the choice of consumer behavior in the direction of the variants retain existing consumer habits.

Personal experience helps the consumer to verify the information received from the entities that carry out counter marketing, and traditional subjects and conversion marketing. Thus, if anti-tobacco or alcohol advertising informs about the high probability of the development of some diseases, but the consumer on their experience does not detect its symptoms, it is likely that he will not change their consumption habits and become less confidence in such advertisements.

The feature of the third stage of the model is high effect to cognitive dissonance on the consumer at the stage of evaluation of costs and benefits from the consumption of socially dangerous goods. Thus, the model reveals the possible strategies of consumer behavior socially dangerous, harmful goods after the stage of comparing costs and benefits of consumption of such goods. First, it can be a complete rejection of irrational consumption, which initiates an additional search of information about how a failure. The following three options can be characterized as a compromise, because the consumer does not want to abandon harmful goods, but at the same time aware of their negative impact on various aspects of their lives.

It is transition to a different brand of tobacco products (cheaper due to the increase of prices for socially dangerous goods, or more secure in the opinion of the consumer due to information about the dangers of Smoking or alcoholic beverages (less durable, artesian water); to reduce the intensity and frequency of consumption of socially dangerous goods (also with the aim to reduce the harm to health); reduction demonstrative consumption (in the case of the sense of loss of image and perception in the reference group). In addition, if formed a positive attitude towards the consumption of socially dangerous goods, the consumer may not change their consumption habits, continuing to consume the same goods and in the same volume. In the future the user will be able to filter or ignore the information received or will convince them all the information is unreliable.

Highlight the most common arguments of consumers which decided not to change their consumption habits and change your beliefs:

1) harm from consumption of socially dangerous goods excessively exaggerated because consumers have positive examples of long-term consumption of such goods without any consequences;

2) harm from consumption of socially dangerous goods delayed in time (for many consumers time when the consequences are too remote, so the probability of impact is not taken seriously);

3) legitimate distribution of dangerous goods and the message that their consumers the most, makes the consumption of socially dangerous goods are normal, natural, socially-accepted phenomenon;

4) infrequent or not intensive consumption of socially dangerous goods does not harm either the consumer or entourage;

5) the sharp rejection of the consumption of socially dangerous goods will cause unexpected effects, including negative;

6) there are more bad habits such as light and heavy drugs, in comparison with them the consumption of tobacco and alcohol looks "harmless" [3, 4].

The active role of the consumer socially dangerous goods in contrast to the role of the observer weakens faith in the statistical link between the consumption of socially dangerous goods and fatal (theory of causal attribution of H. Heckhausen).

If the customer has not cancelled the consumption of socially dangerous goods, that is, chose one of the

last four strategies, the necessity of modification tools opposing marketing taking into account the obtained effect.

### Conclusions

To reduce irrational demand for socially dangerous, harmful products, progressive national economy use in its activities the concept of social and ethical marketing and event counter marketing.

The concept of socio-ethical marketing mainly refers to goods food industries, because any substandard non-food goods in the first place causes, in our opinion, the harm to the business and image of the manufacturer, and poor food - the health and life of the buyer. That is, poor quality clothing, hair, furniture will reduce the mood of the consumer, poor equipment will result in additional expenses on its adjustment. Overall in these cases are the supposed long-term relationships between customers and suppliers.

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Соколи Иван Иванович / Ivan I. Sokolu  
sihcs@yandex.ua

Каташинська Марія Олегівна / Marie O. Katashinskaya  
ya-mari-ya@mail.ru

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