CONSUMER’S BEHAVIOUR – AN APPROACH FROM THE PERSPECTIVE OF BEHAVIOURAL ECONOMICS

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Abstract:

The consumer and his behaviour have concerned all economists, no matter if they are theoreticians or practitioners. Naturally, research in the domain has revealed new aspects, new theories and has led to the creation of schools of thought in time. Standard or neo-classic economics, which lays stress on absolute rationality, the maximization of results, modelling etc., cannot wholly decipher economic mechanisms or efficiently explain and guide the economic life of society. That is why, if we take as a starting point the observation that man lies at the heart of economy, we understand that the attempts to explain his role and the manner in which he behaves in economic life are more and more numerous and involve the use of concepts from different domains of study: psychology, sociology, etc. The present study aims at analysing the consumer’s behaviour from a perspective which already has a consistent and well-outlined profile in the economic science and is known as behavioural economics.

Keywords: *standard economics, limited rationality, consumer’s behaviour, behavioural economics.*

JEL Classification: A12, B12, B29, D03, D11.

1. Introduction

The theory regarding consumer’s behaviour refers to the manner in which the consumer, who is supposed to be a rational individual, takes decisions as regards the purchasing of goods. The phrase **consumer’s behaviour** refers to buyers and clients of products and services, as well as to persons who use these products and services. This lexical construction **denotes** the decision of buying in itself and not only. Consumer’s behaviour is a way of acting, which implies the decision-making process of the consumer (as an economic agent), as well as all the activities he performs for being informed, being able to purchase, use, evaluate, etc., some consumer goods.

The consumer’s behaviour and actions have interested researchers for a long time; once the consumer society started to develop, the interest paid in this topic increased. Recent studies (Kotler and Keller, 2012) have revealed that the consumer’s behaviour has become a factor with a direct impact on a business performance although *for more than 300 years, economists like: Nicholas Bernoulli, John von Neumann and Oskar Morgenstern have studied the fundamentals of the consumer decision-making process* (Richarme, 2005). In order to understand the consumer, that is – his decisions, the *utility theory* was created, according to which the consumer is *“an economic and rational individual” (*Zinkhan, 1992), who only manifests self-concern. *Utility theory* has provided a theoretical framework for analysing the decision-making process under uncertainty circumstances; according to this theory, individuals choose the result that enhances their welfare.

Traditionalist economists have analysed human behaviour in a quite rigid manner (total rationality), from a purely economic perspective (standard economics), failing to consider psychological and sociological aspects in their analysis. Recent research (Simon, 1955; Kahneman and Tversky, 1979) have pointed out that consumers are not completely rational. The utility model revealed to have major faults; subsequently, Herbert Simon developed the concept of *“satisficing”*[1] (Simon, 1977, p. 37), according to which the individuals’ rationality is limited to cognitive and emotional capacities. Prospect theory, which is a contribution brought by Daniel Kahneman and Amos Tversky, has described certain economic behaviours that could not be explained through the previously developed theories that had considerably approved predictions regarding decision-making.

When approaching consumer’s behaviour, the elements of behavioural economics are indispensable; however, we consider that the basic elements of the standard theory cannot be neglected; thus, it is only the harmonization of concepts related to the consumer behaviour as revealed by the two economic approaches that can help us outline a rather complete perspective over the consumer and his behaviour.

2. From neo-classic to behavioural economics

Neo-classic (standard) economics used an empirical approach and, similarly, theoretical

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[1] The original phrase used to define this theory is: the theory of “satisficing”.

modelling, which has quite rarely been reflected in empirical reality. At the same time, empirical research used by the neo-classic theory ignores some limitations, of which some are very important depending on circumstances. Nevertheless, behavioural economics – which is new in the theory of economics – has been analysed from a neoclassic perspective as an unsophisticated theoretical result based on abnormal empirical results (Sontheimer, 2006, p. 237). Considering the characteristics and arguments revealed by the two theories, we appreciate that the statement - according to which the general framework of neo-classic theory is rather simplified in comparison with the one proposed by behavioural economics - is appropriate; however, one cannot ignore important contributions brought by neo-classic theories, such as the demand and offer law, etc.

Angner (2012, p. XV) states that behavioural economics has developed as a reply given to neo-classic economic theory and that important parts of behavioural economics can be understood only in contrast with the standard theory. According to behavioural economics, standard economics is a normative theory. According to Simon (1997), traditional economics and behavioural economics have evolved separately, postponing the synthesis that we need to fully understand the economic world around us. Discussing about the tension that exists between the supporters of the two concepts, Sontheimer (2006, p.237) underlines the fact that: *"neither of the two parts sees the other one correctly"*, while MacFadyen (2006, p. 188) considers that: *"instead of regarding these two approaches as contradictory in nature, we should regard them as being convergent"*.

According to Mullainathan and Thaler (2002, p. 2), behavioural economics takes the standard economic models as a starting point: "*The research programme of behavioural economics has included two components: 1. the identification of the manner in which behaviour is different from the standard model; 2. pointing out the manner in which this behaviour matters in the economic context.*"

The standard theory appreciates that: (i) agents have well-defined and stable preference, (ii) agents use in the decision-making process all the information that is available and (iii) agents act in order to enhance objective functions. Sontheimer (2006, p.237) mentions 3 characteristics that distinguish behavioural economics from neo-classic economics in practice: (i) unconditional and dominant commitment of behavioural economists to empirical research; (ii) there is an insistent concern with maintaining a link between empirical deeds and the economic theory; and (iii) the stress laid mainly on procedural rationality and less on rationality.

The main connection between the two theories is given by the individual's economic behaviour. Both theories put the stress on intentional behaviour, which individuals adopt in order to achieve their motivation-driven goal; their decisions are not usually made at random or in an arbitrary way. Intentional behaviour does not have the restrictive meaning of neoclassic economics, i.e. the one of an optimizer, maximizing factor or rationality supporter, in the sense of consistency and it excludes the neurologically-impaired persons' behaviour. Thus, if there is a change in the paradigm in the future, this could derive from the study of decision-making factors in relation to emotions and feelings (Sontheimer, 2006, p. 245).

Behavioural economists enjoy a wider and wider appreciation from researchers. For those who are familiar with this concept or those whose interest in the domain is still a novelty, such as Herbert Simon, George Akerlof, Daniel Kahneman, Amos Tversky, Richard H. *Thaler*, Vernon Smith or Gerd Gigerenzer, such theories are well-known. In fact, these authors have built and raised the foundation of behavioural economics. Since the charm of science is to search for a better understanding of the world in which we are living and since history has proved that the new theories are most often created by improving or contesting the existing theories, the appearance and development of behavioural economics has generated a series of contradictory debates as to the precedent theory, neoclassic economics and the new theory, behavioural economics.

In specialized literature, the concept of rationality has been insisted upon; disruptive analyses have been made for understanding standard concepts which were generally accepted until not long ago and opinions were supported or contested, etc. Another perspective developed by economists was to build links between the two concepts or to search for common approaches that were rooted in the former theory. In this respect, in order to highlight the great neo-classicists' concerns in relation to the complex human behaviour, we intend to present a few ideas that are underlined in behavioural economics and whose roots are much older.

Camerer and Loewenstein (2004, p. 5), while analysing the historical context in which behavioural economics has evolved, write about Jeremy Bentham[2] whose concept of utility formed the foundation of neo-classical economics; Jeremy Bentham wrote about the psychological basis of the utility concept, and his knowledge in utility determinants starts to be appreciated only now (Loewenstein, 1999). They remind of Francis Edgeworth and his *Theory of mathematical psychology* in which his famous "box" charter illustrates the results of two negotiators and has included a simple model of social utility, in which a person's utility has been affected by the other person's earning.

Until recently, the best known masterpiece of Adam Smith was the book *The Wealth of Nations*, written in 1776, thanks to the concept of the *invisible*

[2] Jeremy Bentham was a British philosopher, jurist, and social reformer. He is regarded as the founder of modern utilitarianism.

hand, which explained general welfare through the idea that each individual pursues one's own interest; however, in the last decade another work of Adam Smith has drawn attention, *The Theory of Moral Sentiments*. Adam Smith anticipated ideas that can be linked to the existing concepts developed in behavioural economics, such as: correctness, the power of the will, aversion towards loss. In the next lines, we are going to present some of these perspectives.

The approach of rational agents - which are run by selfishness and aim at maximization - has often made Smith famous; consequently, we would like to present one of the first perspectives that was developed by Smith as to human nature and that contradicts the precedent perception over his work. Thus, Smith (1759/1892) states that: *"however selfish man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though they derive nothing from it except the pleasure of seeing it."* We can notice that the author regards with understanding the people's likability for the others; in other words, individual "selfishness" is depicted as part of the moral system of our society. According to him, cruel selfishness could manifest itself when honour is at stake and when honour is also wrongly understood. Words like "happiness", "disappointment", "expectations", etc. offer the human being a human dimension that was neglected by many economists that studied his works. Similarly, we may say that the previous quotation reflects a form of altruism, too, if we think that people experience a form of pleasure when they act for the others' welfare unconditionally.

About 200 years before Kahneman and Tversky (1979), Smith identified the regular nature of choice-making which has come to be known as *aversion towards risk* (Ashraf, Camerer and Loewenstei, 2005, p. 132). The most remarkable statement made by Adam Smith is the one quoted by Camerer and Loewenstein (2004, p. 5): *"we suffer more [. . .] when we fall from a better to a worse situation, than we ever enjoy when we rise from a worse to a better"* (1759/1892, p. 311). We consider that this paragraph speaks for itself about Smith's level of comprehension as regards the economic agent, i.e. man. Another reference made to the recently developed concepts is: *"the pleasure which we are to enjoy ten years hence, interests us so little in comparison with that which we may enjoy to-day"* (inter-temporal choices); *"the chance to win is more or less overrated by any person and the chance to lose is underrated by most people"* (overconfidence); many other references on this matter have been made by Ashraf, Camerer and Loewenstein (2005).

Albanese (2006) considers that Adam Smith did not say that the individual attempts to satisfy his own interest in a selfish manner. We can forget once and for all the wrong interpretation that the *economic agent* is selfish (Albanese, 2006, p. 16).

Converging towards the macro level and trying to understand the theory of consumption, we cannot fail to mention John Maynard Keynes' contribution in the area. D'Orlando and Sanfilippo (2010, p. 1036) appreciate that Keynes' representation of economic behaviour seems to be seriously grounded on the psychological features of human beings. According to the two authors, particularly in the consumption theory developed by Keynes, references to a maximizing behaviour are absent; however, the theory seems to have more in common with behavioural economics than with the traditional neo-classic approach, especially for the crucial role granted to the *rules of thumb*. Peach and Milan (2009, p. 891) appreciate that Keynes' works constantly underlined the importance of psychological factors in the human decision-making process and that these factors were included in his analysis of economic issues. Keynes explicitly brings into evidence the importance of the psychological dimension in analysing human behaviour, which he uses to support his departure from neo-classic tradition; he uses ideas like: salary rigidity, animal spirits, the illusion of having money, conventions and uncertainty; all of them suggest that Keynes refused to impose the concept of rationality as a decisive criterion for human behaviour.

Carabelli (2003, p. 218) appreciates that "*for Keynes, the substance or the object of economics (as a science) was represented by the economic agents' thoughts and opinions. The deliberate nature, reasons and human actions represent, at this point, the material of economics (as science)"*. According to Baddeley (1999, pp. 197-198) *"Keynes argues that the scientific theories should be capable to face the real world and should not force deeds to comply with theoretical hypotheses"*.

This short introduction to neo-classic economic theories is meant to bring into evidence the fact that ideas and concepts which are developed and debated by behaviourists are rooted in the neo-classical economists' approaches. In consequence, we can state that behavioural economics has followed the natural direction of development in research in an attempt to answer more questions which, asked or not, were difficult challenges to neo-classical supporters. Considering the above references, we appreciate that the main difference between behavioural economics and the standard theory consists in the behavioural supporters' luck to enjoy the foundation built by neo-classic economists and to find the right concepts to answer the questions that have troubled both groups in time.

The new trend created by contemporary economists is also to learn from outside the "classical" sphere of the economic area, i.e. from *psychology and/or sociology* in order to determine a clear image about the *human decision-making process*, in comparison with the one offered by rational choice theory. In 2002, Daniel Kahneman, the behavioural economist and experimental psychologist, won the Nobel Prize in Economics for his work and for the research activity that he pursued with Amos Tversky. In his research activity, Daniel Kahneman approached different topics: heuristics and the biases[3] which people tend to have in relation to certain tasks and judgements (including provisions and evaluations) under uncertainty circumstances, the risky choice model – the prospect theory, loss aversion in riskless choice, categorizing effects and their implications for the rational agent's models; intuitive judgement and choice, the connection between preferences-attitudes, etc.

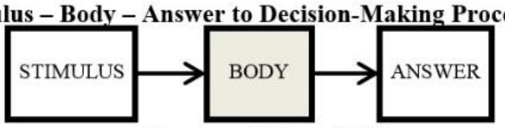
Other research activities in the area have revealed that choices made by individuals are based on intuition even if they do not rely on a minute decision-making process, while distinguishing between intuition and rationale[4] (Daniel T. Gilbert, 1989; Timothy D. Wilson, 2002; etc.). These two "systems of thought" with different capacities (Stanovich and West, 2000) have also been approached by Thaler and Sunstein (2008, p. 19) under the name of reflective system and automatic system. System 1 (automatic system) is implicitly characterized through automatism, associations, judgement based on experience (intuition), unconscious processes and affective associations. While the implicit system (system 1) refers to judgements that directly illustrate impressions which arise from the easily accessible mental content (Higgins, 1996), one of the functions revealed by the second system (the explicit system) is to monitor or verify mental and behaviour operations (Kahneman and Frederick, 2002). In comparison with system 1, system 2 is more analytical, and its limitations are associated with the concept of limited rationality (Samson and Wood, 2010, p.2).

The cognitive approach is another important approach in behavioural economics and it derives from cognitive psychology. Notes on cognitive psychology have existed ever since the first philosophical theories were created: Socratic thinking which gravitates around self-knowledge (Plato, 360 BC); the first theories about human memory that were developed by Aristotle and St. Augustin, who define it as follows: *"when we have knowledge and perception instead of things, we have memory"* (Aristotle, 1972, p. 50) or when the individual has a representation of the self: *"something which, I do not know, scares me […] this is my soul and this is who I am."*(St. Augustin, 1998, p. 354); or as Descartes defines it in his *Meditations* (Descartes, 1640), in which he analysed the way knowledge is mentally represented. Even if these philosophic ideas were born early, cognitive psychology was created as an area of study in the 1950's (Cziko, 2000) (see Figure 1), once Hebb developed his model.

In contemporary studies, Cognitive Psychology emphasised the existence of a large number of factors considered fundamental in inter-personal processes, of which we mention: perception, learning, memory, thinking, emotion and motivation (Sternberg, 1996). In the decision-making process, consumers are influenced by psychological factors that act at cognitive level; they do not have to be carefully analysed to understand the way in which consumer behaviour is reflected. To understand how subtle these factors are, we are going to refer to *motivation* in relation to a study whose subjects were a group of children that waited to be (and were) rewarded with a bow and a gold star for drawing a few images. In the subsequently made analyses, these subjects played less with the drawing materials in comparison with the children that were unexpectedly rewarded and in comparison with the children that did not receive any outer motivation (Lepper *et al*., 1973). In this case, psychological research indicated the fact that outer rewards can do more than justify choice and finally can reduce inner motivation. This example is part of an incomplete list of manifestations which can occur individually, by activating influence factors and it serves for underlying the complex and diverse nature of the inherently subtle matters that these factors may arise.

Standard economics neglected human nature a long time and promoted an idealist economic behaviour, which described how rational people behave and should behave. We can say that the term *"rational"* used to be the bible of the neo-classic economics and individuals who did not act

Figure 1: Stimulus – Body – Answer to Decision-Making Process Model



Source: Cziko, 2000.

[3] Bias, English term that could be translated by „tendențiozitate", „părtinire" or „idee preconcepută". For a while the term was translated as „prejudice"; however, this is not an accurate translation because, on the one hand, it has the same meaning as the English term *prejudice*, and, on the other hand, because the Romanian term *tendențiozitate* refers to an attitude which manifests itself not only – and not basically – at the rational level of judgement; bias manifests itself at the level of attitude, emotion, motivation or at the level of will. (Translation from English by Dan Crăciun; Kahneman Daniel, *Gândire rapidă, gândire lentă*, Ed. Publica, Bucharest, 2012).

[4] Psychologists Keith E. Stanovich and Richard F. West suggested using the name „*System 1*", as an equivalent of the intuitive system, which is defined through the actions of the involuntary mind that manifest themselves fast and automatically, whereas „*System 2*" is defined as an equivalent of the judgement system, defined through mental actions that are tiring and require a lot of conscious concentration, e.g. difficult calculations in mathematics. These terms are mainly used in the study of psychology, but they have been adopted and introduced in behavioural economics by Kahneman D., too.

"*rationally*" were some sinners occupying a marginal position in society. The analogy made has a religious connotation and is used metaphorically in order to point out the fact that the term *"rational"* may have been used and accepted by researchers for a too long time; departures from this interpretation perspective were treated as exceptional cases or behavioural errors. Although the concrete definition of rational behaviour was avoided and most often the term was vaguely defined, the term *"rational"* seemed unanimously accepted as good for a long time; whatever fell out of the so-called sphere of it (i.e. *"the irrational"*) used to have, in general, negative connotations.

Now, making a retrospective analysis, we know that *the rational*, as applied in economics, was used to label behaviour that illustrated the different economic behaviours that we discussed before. What we consider to be weak point of neo-classic theory is the fact that many theories did not distinguish between what should happen and what really happens. In other words, out of the wish to treat many of the normative theories as being positive, the ideal behaviour was associated with real behaviour and, thus, economic theory found itself enshrined in a foggy veil. According to Richard Thaler's vision, according to the standard theory, the individuals' behaviour corresponds to the one of Econs, which is different from the one of the Humans, characterized by limited calculation capacity and influenced by feelings, emotions, etc.

The economic agent's rationality – as developed by the classic theory – was contested by Herbert Simon[5], who firstly introduced the concept of limited rationality. This concept comes up with the idea that the individuals' rationality involved in the decision-making process is limited because of the limited information that they have access to, because of cognitive limitations, the individuals being obliged to make a decision within a strict period of time. It is well-known that on the basis of subjective utility, as it was developed by Savage (1954), one can build theories of limited rationality by modifying one or more hypotheses; some of the examples given by Simon are: replacing the fixed set of decision-making alternatives with a method that provides alternatives; replacing the maximization of a utility function with a satisfaction strategy. The main departures from Savage's theory have to do with the limited cognitive capacity that human beings have for discovering alternatives, for calculating through different methods the consequences of these alternatives under certain or uncertain circumstances or for making comparisons. *The term "limited rationality" is used to denote rational choices which are made by consumers depending on their cognitive limitations and in relation to their knowledge and calculation capacity. Limited rationality is a central topic in the approach of behavioural economics and it is mainly concerned with understanding how the real process of decision-making influences the adopted decision.* (Simon, 1997, p. 291)

Simon's studies reveal that economic agents lack the capacity and do not have all the resources to reach an optimal value; they actually look for a satisfying solution. The author made an analogy with the two blades of the scissors: one represents the individual's cognitive limitations, while the other one represents the environmental structures. *"Exactly as someone cannot understand how the scissors cut if that person looks at one blade only, in the same way a person cannot understand human behaviour if he/she studies either just knowledge or just the environment. This seems to be self-understood; however, psychology basically follows the path of mentalism, trying to explain human behaviour through attitudes, preferences, and logic or brain imagery, ignoring environmental structures in which humans live."* (Gigerenzer, 2012, p. 112)

According to Simon (1978, p. 2) the matter of allotting rare resources can be positively or normatively dealt with. In the economic theory, the positive or the normative one, this matter has not been studied from a simple perspective, but from the perspective of the *rational* allotment of resources. The rational individual illustrated by the standard theory is a utility maximizing factor, who will always choose the best solution. Differently from other researchers, who are contemporary with Simon, Simon approached human rationality in its daily meaning, which is different from the meaning given by economists to the concept of maximizing factor; the author is more concerned with the processes on which the choice relies rather than on the result of choices. Correlating this with rationality seen from the perspective of other social sciences on the basis of a functional analysis, the author considers that behaviours are functional if they contribute to the achievement of certain goals, no matter their nature.

Herbert Simon discussed about the need to focus on qualitative questions. According to him, before analysing quantitative aspects, it is necessary to identify the main cause that triggers the process. Institutions should be more concerned with questions like: *"which are the structural conditions that make the purchasing of the insurance rational or attractive?*", and not with questions like: *"how much insurance against floods is a person going to buy?"* At the same time, he sees mind as having limited resources, considering that maximization of utility or profit cannot be applied to situations in which the optimum action depends on uncertain environmental events or on other rational agent's actions (imperfect competition), and, no matter how complex computational models are, they are far from approximating the complex world in which we live.

[5] Winner of the Nobel Memorial Prize in Economic Sciences in 1978.

Simon (1978) made a distinction between substantive rationality and procedural rationality. Substantive rationality represents the measure according to which adequate actions are chosen and it is oriented towards the nature of choice (i.e. the choice) and the results generated by it. Procedural rationality is oriented towards choice within the limits of cognitive power, while focusing on the procedures that determined the choice (the manner in which the choice was made).

Consequently, limited rationality refers to human restrictions that are involved in the processing of information that is necessary for making a decision; these restrictions are due to different limitations: (i) knowledge (information), (ii) available time and (iii) calculation capacity (Simon, 1982; Gigerenzer and Goldstein, 1996). Limited rationality is not an equivalent of irrationality. For example, heuristic judgement (cognitive shortcuts taken in the decision-making process) can be regarded as rational thanks to its adaptation capacity and the exploitation of environmental structure (Gigerenzer, Todd and the ABC Research Group, 1999, p.13). This is optimal within the limits of human cognitive processing capacity. (Samson and Wood, 2010, p. 2).

3. Consumer's behaviour – a multi-disciplinary approach

In a simple approach, consumer's behaviour can be analysed starting from the question: *"*How do we know what we want?*"*– not as obvious a question as it may sound – to *"*What do we do with something we no longer want? *"* (Statt, 2001). For the beginning, it is important to clarify who the consumer is. Standard definitions that we find in dictionaries are rather dry. E.g.: the consumer is the *person who consumes goods resulted from the production process* (DEX, 1998) or the consumer is *the person who consumes material goods for satisfying his/her needs* (NODEX, 2002).

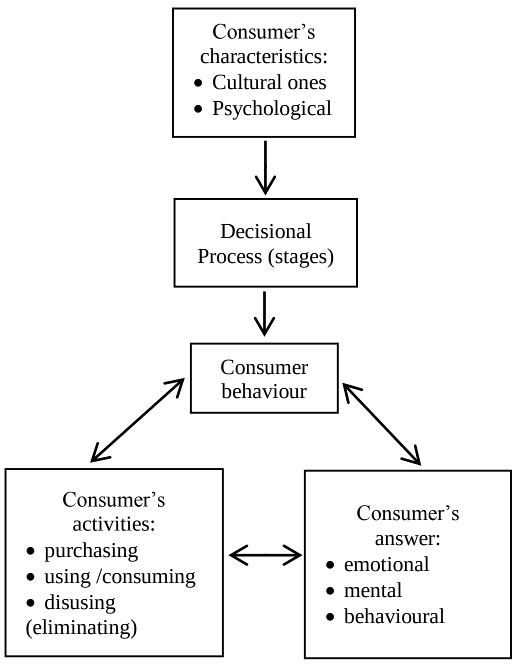
A more elaborate definition was given by Solomon (2006), according to whom the consumer is a person who identifies a need or a wish, makes an acquisition and then uses the product. Apart from these dictionary definitions that we find in economics textbooks or in specialized literature, the consumer is – in the everyday reality – represented by all of us: me, you, every family member, friends, acquaintances, unknown persons, etc., in other words, the consumer is the entity that consumes goods in order to satisfy certain needs. Consumers are bearers of needs and, in a large sense, they represent the population.

Consumer's behaviour has been defined in different ways in the course of time. Faison and Edmund (1977) laid the stress on people's needs; Engel et al. (1986) emphasised the actions performed by individuals; Kotler (1994) took buying as a landmark; in 1995, Solomon et al. brought into evidence the individuals, needs and processes on which consumer is based; in other recent studies (Englis and Solomon, 1995) the author has placed actions and needs in a central position.

An analysis of the definitions that can be found in specialized literature reveal the fact that *consumer's behaviour is regarded as part of the economic behaviour of the people, which, in its turn, is a form of manifestation for human behaviour in general* (Cătoiu and Teodorescu, 1997, p.13). Taking this idea as a starting point and correlating it with the definitions of the concept, we would like to represent the relationships between the most frequent frequently met elements and the researchers' attempts to define consumer behaviour.

Taking into consideration the scheme representing consumer behaviour according to Kardes, Cronley and Cline (2011) and correlating it with that proposed by authors like Hoyer and Maclnnis (2008), we would like to systematically represent our vision on consumer's behaviour in the chart below:

Figure 2: A graphical definition of the consumer's behaviour



Source: Adapted after Kardes, Cronley and Cline (2011, p. 8) and Hoyer and Maclnnis (2008, p. 1).

The systematic description starts from the premise according to which consumer's behaviour is made up of three areas: the characteristics of the consumer, the consumer's decision-making process and consumer behaviour, as a result of interaction between the segments that precede it. The pillars on which consumer's behaviour characteristics rely are – as specialized literature most often states – the following ones: consumer culture and psychological nucleus. The scheme splits consumer's behaviour into consumer activities and consumer's answers. The classification of consumer behaviour according to the performed type of activity is useful because the consumer's answers to stimuli may be different since this is influenced by the need to buy, consume and disuse certain products or services (Kardes, Cronley and Cline, 2011, p. 9). At the same time, it is necessary to take into consideration the consumer's emotional, mental and behavioural answers to goods and to the used marketing method.

Understanding consumer's behaviour is a key matter for economic agents because consumer's behaviour is a complex process and many marketing decisions are based on hypotheses about the consumer's behaviour. At the same time, knowing the factors that influence decision-making is important for every individual because, understanding what determines us to take a decision, we may become more aware of the question whether a decision to consume a certain good in a certain quantity is – considering the theoretical aspects defined before – determined or influenced by one of those factors. If these factors could be gathered in a single model, we could know in totality and at the same time the intensity with which they influence consumer behaviour; consumer behaviour could be determined through mathematical formulas and on the basis of these formulas one could elaborate long-term forecasts as regards consumer's decisions.

Consumer behaviour is a complex phenomenon, well anchored in psychology and sociology; economists, psychologists and sociologists have tried to analyse the factors that influence the individual's decisions. The most important factors that influence consumer behaviour have been considered those of a personal, psychological and sociological nature. Personal factors include characteristics that are specific for a person, such as demographic factors: age, sex, etc. Social factors are represented by: opinion leaders, reference groups, family members' influence, social class, cultural level, etc. Psychological factors include: perception, motivation, personality, attitude, etc. At the same time, researchers have conceived categories of factors like: situational factors (Dickson, 1982), consumers' involvement (Rothschid, 1979), etc. For example, in a study written by Acebron *et al.* (2000) on the consumption of fresh food (prawns), the authors pointed out the consumers' habits and previous experience because they have a direct influence on the consumer's decision to buy. The authors consider that the image of the product has a serious impact on the decision to buy and recommends the continuous improvement of the product's image to encourage consumers to buy.

Frequently, consumer's behaviour is also approached and analysed from the perspective of marketing; the most common perspective is the one created by Acebron *et al.* (2000), i.e. encouraging consumption. Our perspective is different from the one of specialists in marketing; we consider that it is necessary for consumer's behaviour to be known in order to avoid economic dis-balance and to find a balanced approach between consumption, as it is economically defined, and human nature, as it is defined by humanists. The financial crisis in 2008 revealed, besides other financial aspects, the problem of the hyper-consumerist American society. This recent experience has proved that exaggerated consumerism does not bring economic benefits on a long term and that correlating this idea with the negative effects of consumerism over the environment and, most important, the psychological effects of hyper-consumption over the individuals (such as: inducing a negative state to individuals through publicity in order to determine consumers buy a certain product), we consider it is important to study and understand consumer behaviour not for encouraging consumption but for knowing the consumer better and for producing goods and services that should correspond to his needs.

As to the psychological characteristics that influence consumer behaviour, they may appear under different forms. The most often used concepts in specialized literature are: attitude, perception, motivation, personality, emotional states and memory (the capacity to learn).

Apart from psychological characteristics which influence the consumer's decisions, a person's features also play a key role in the decision-making process. These characteristics obviously make people different from each other. Demographic characteristics, such as: sex, age, income level, the level of education, etc. are fundamental for the consumers' decision to buy and may determine a departure from a consumer's general decision-making models (Lee, 2005). Yet, the most often encountered demographic variables are: age and sex.

In most specialized literature, social factors include: the reference group, opinion leaders, the social class, cultural level, etc.

Other factors that may influence consumer's actions are: the ability to process information, the level of knowledge and understanding, consumption preferences, as well as biases and heuristic elements.

The matter regarding the factors that influence consumer behaviour may be compared with an endogenous matter occurring in an econometric model; in other words, many of the above mentioned factors can influence each other; thus, the degree of importance is hard to establish for each of these factors. However, we consider that the main factors which influence consumers' decisions are the ones we have mentioned above; yet, they are not the only ones since they barely represent a part of the multitude of elements that influence consumer behaviour. We can say without being wrong that consumer behaviour is determined by multiple factors and is a multi-disciplinary concept.

4. Conclusions

Economics, as the most important domain of our society (opinion which we do not consider far-fetched, given the role of economics in today's society), has a continuous dynamic nature. This fact has determined us to try to understand and explain how economics functions; it has made us elaborate analysis methods, find solutions for the economic processes to run in our favour and for us to be able to ensure a good living standard; thus, economics has offered us the possibility to act and to develop the other domains of the social area. In this context, we understand the dynamics of economics, the evolvement of economic ideas, the efforts made by specialists to elaborate new theories and to upgrade the old ones, to extend economic research towards other social spheres and to study economic phenomena while being aware of the fact that man lies at its centre, with all his characteristics (psychological, educational, social, cultural etc.).

It is natural for new theories to appear, some of them leading to the creation of new schools of thought, which do not deny what has been accomplished in the history of economics in time, but which add knowledge, new elements, new perspectives for understanding economic life, by allowing new directions appear and develop. Behavioural economics is part of this analysis effort and it explains economic life by making reference to other sciences, particularly to psychology.

The consumer as an economic agent is identical with each of us and his behaviour should be approached from more perspectives, with the result that this fact will bring us benefits. Behavioural economics, which is based on standards economics, comes and amends the latter one with new concepts and ideas that enhance the explanatory power of economics, and, particularly, its power to economically act at micro, and at macro level.

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