Understanding Consumers

Who will most likely buy the product, how often will they buy it, what price they are willing to pay and where will they be buying it? To understand the consumer, these questions must be answered.

Consumers have specific wants and needs. Their incomes vary from high to middle or low. They are given choices of thousands of products, from luxury items to basic necessities. They have many different traditions and tastes, ranging from ethnic to generic products. Consumers affect production decisions every day.

Consumers are the final buyers and users of products. The intent of any business is to make and sell a product. The manager must do the following.

• Make it in the form that consumers want.
• Make it when consumers want it.
• Sell it in places where consumers want it.
• Sell it at prices consumers are willing to pay.

Managers need to gather market information in order to make the following day-to-day decisions.

• What quantity of a product are consumers willing to purchase?
• Who is making these products, and who is competing for those consumers?
• What prices are consumers willing to pay?
• What is the speed with which products and information travel through the channels of distribution?
• Based on this information, should production be increased or decreased?

Consumer feedback
Consumer feedback involves having people try the product and then asking them their opinions of it. A first step would be to ask friends and neighbors for help, and to establish options for testing the new product.

It is vitally important to continue to seek consumer feedback as the product continues to sell. This process should be included in a marketing plan. Ask consumers the following questions.

• How do they view the product and company?
• Do they like the product?
• Will they buy it again?
• How soon?

Information should be gathered continuously in each location about sales volume and changes in competitors, life cycles of the product, new products, service to vendors, and competitors.

Remember that general information will provide general results, and detailed information will allow for more detailed analysis and more accurate results. Each manager has to decide what type of information is needed and how much to collect to maximize usefulness. The more producers know about customers, the better chance they have of satisfying them.

Frequency of consumer purchases
Frequency of consumer purchases is very important. Repeat purchases are the keys to a successful outlet selection. Not all products are purchased at the same frequency, and marketing managers need to understand how often consumers will be purchasing their products when determining production rate, transportation, storage, etc.
The most common purchasing patterns are:

- **Daily** — Some products such as milk, bread and doughnuts might be purchased daily, meaning the producer will have to deliver the product frequently. These products are usually perishable.

- **Weekly** — Generally these products have a 3- to 6-week shelf life. For these products, careful control of production inventory will be necessary. A producer must have the ability and capacity to store products between deliveries.

- **Monthly** — These require a larger consumer territory if the consumer only buys one item per month compared to one per week. Delivery will be less often and storage will have to be increased, either on the shelf or in the back room.

- **Seasonal** — These are products that generally are associated with a specific growing season or holiday. These types of products usually are sold only during one time period each year.

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