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**CREDIT CRUNCH AND FINANCIAL CRISIS EFFECT ON CONSUMER BUYING BEHAVIOUR****DR. LALITA MISHRA****LECTURER****KAMLA RAJA GIRLS GOVERNMENT POST GRADUATE COLLEGE****KAMPOO****ABSTRACT**

*Consumer buying behaviour is a complex phenomenon, which is comprised of a bundle of decision-making processes, economic determinants and market stimuli. Consumer purchasing behaviour has been attracting the interest of a great number of academic and commercial parties for many years. The complexity of the processes with which consumer purchasing can be associated has made the phenomenon considerably difficult to be predicted and controlled. However, as consumers are the most essential source of revenue for business organisations, therefore their behaviour is of significant importance for achieving market survival and financial prosperity. This is the reason why the present dissertation is focused on researching and analysing the phenomenon in the present financial crisis. As the current crisis is already recognised to be having a major effect on many economic and social aspects of the United Kingdom, the researcher concentrates specifically on revealing the effects the present economic downturn has on the buying behaviour of consumers. The author is highly interested in revealing the disturbances that can be identified to occur and thus provide valuable insight to commercial and academic parties in the context of predicting and controlling consumer purchasing patterns. The dissertation is specifically focused on analysing the buyer behaviour changes from a marketing perspective. The author provides a number of suggestions, which were extracted from the conducted secondary and primary investigation. The developed propositions outline the various considerations companies should integrate in their marketing campaigns in order to perform successfully, despite the financial crisis and economic downturn.*

**KEYWORDS**

credit crunch, financial crisis, consumer buying behaviour.

**INTRODUCTION**

Buying behaviour can be described as the set of attitudes that characterised the patterns of consumers' choices. Buying behaviour is a phenomenon that varies depending on a wide range of factors, such as: demographics, income, social and cultural factors. Apart from the essential internal factors, which can be recognised as influential to buying behaviour, there are a number of situational contexts that can be suggested to affect consumer choices. In this respect it can be proposed that consumer behaviour is a combination of customers' buying consciousness and external incentives which are likely to result in behaviour remodelling (Dawson et al., 2006). This is why researchers in the field of consumer buying patterns conclude that it is derivative of function that encompasses economic principles and marketing stimuli (Hansen, 2006). As the present project aims to analyse the financial crisis effects on consumer behaviour it can be suggested that the in depth scrutiny which the current examination would establish could transform into a valuable source of marketing direction. In other words, the present dissertation is likely to transform into a valuable source of marketing comprehensiveness as it would reveal knowledge on the likely changes in buying behaviour which the current financial and economic downturn is causing and thus provide commercial organisations with a piece of research that could stimulate greater appropriateness and integrity in companies' business performance during a volatile period (Churchill and Peter, 1998; Iacobucci and Calder, 2003).

Today's financial crisis, which has resulted in an economic downturn, could be recognised as a major challenge for the profitability and even survival of many global companies. The financial crisis, which was the result of the sub-prime mortgage crisis in the USA, has transmitted internationally and caused disturbances in a wide range of powerful economies. Many countries are seen to be on the brink of recession if not already plunged into it (Deutsche Welle, 2008).

As the present dissertation is specifically evaluating the financial crisis impacts on consumers' buying behaviour it can be recognised that some of the challenges which consumers are currently facing and are likely to experience in the near future can be divided into two categories – direct and indirect. The direct factors can be recognised as the decreasing disposable income, job insecurity and credit financing hurdles (Office for National Statistics, 2008). On the other hand, the indirect aspects of the credit crunch on customer behaviour can be outlined as the challenges of credit financing and investment capability which commercial organisations face and which make these organisations unable to continue with producing high quality products and customer service (The Economist, 2008).

The research question the current project aims to answer is: 'What type of consumer buying behaviour has been most significantly affected by the financial crisis in the UK?'. As it can be observed, the question the researcher focuses on addressing can be used for outlining the research parameters of the dissertation (Bell, 2005). In order for a research to yield credible results it should be frame-worked in a manner that clearly structures the contextual borders of a project. This can be achieved only through the identification of a set of research variables, to be explored, tested and synthesised in a logical flow (Saunders et al., 2003).

**LITERATURE REVIEW****CONSUMER BEHAVIOUR**

Consumer behaviour can be described as a process in which individuals or groups purchase a tangible or intangible product to satisfy needs or preferences (Perner, 2008). Nowadays, the role of the consumer is of great macro and micro-importance as the consuming power is an essential economic driving force. The great significance of the consumer's role can be recognised from the fact that most contemporary consumers spend a great amount of time and energy on buying behaviour and decision-making activities. This is why consumer behaviour can be identified as a process, which comprises all activities related to the process of purchasing, such as: information gathering; information exchange; selecting; buying and consuming (Hansen et al., 2004). As buying behaviour is identified to encompass a wide range of a priori and post-buying activities, therefore it can be recognised as a significantly complex phenomenon.

Buying behaviour is determined by two main factors – internal and external. The internal factors that determine consumer buying behaviour are presented by the various consumer segments. In other words, the particular set of characteristics a segment possesses (i.e. demographic, social, cultural, life style, etc.), can be described as essential determinants of the segment's buying behaviour. On the other hand, there is a set of external factors that can play a significant role in determining consumer behaviour, such as: promotions; advertising; customer service, economic and market stability, etc. In this respect, it can be concluded that buying behaviour is significantly determined and influenced by the highly interdependent combination of customers' buying consciousness and external stimuli (Dawson et al., 2006).

**TYPES OF CONSUMER BEHAVIOUR**

The literature recognises four distinctive types of consumer buying behaviour. They differ with respect to the frequency of occurrence, emotional involvement, decision-making complexity and risk. In this context there are four distinctive buying behaviour patterns which can be outlined, such as: programmed behaviour; limited decision-making buying behaviour; extensive decision-making buying behaviour and impulsive buying (Arnould et al., 2002).

Programmed behaviour, also known as habitual buying behaviour, is the buying pattern which can be characterised as the routine purchasing of low cost items, such as: coffee; daily newspaper; tickets, etc. It is a process that involves little search for information and low complexity of decision-making (Learn Marketing, 2008).

Limited decision-making buying behaviour can be characterised as a buying pattern that involves moderate levels of decision-making and comparatively low amounts of required information to trigger purchasing. It is a buying behaviour, which can be related to the purchasing of clothes – the consumer can easily obtain information on the quality of the product and often spends short time on selecting and securing the purchase (East, 1997). In contrast to the limited decision-

making buying pattern and the programmed purchasing behaviour, the literature identifies extensive decision-making buying behaviour (Foxall and Goldsmith, 1994). This type of behaviour is characterised with complex decision-making, where the buyer needs a comparatively longer period to make a decision and greater amounts of information gathering. It is buying behaviour usually provoked by expensive and infrequent purchases, which involve higher levels of economic and psychological risk (Peter and Olson, 2007).

The fourth type of buying behaviour, which is observed in the literature, is the impulsive buying. Impulsive buying is characterised as a buying process that does not involve any conscious planning. It is a short-term phenomenon, which is usually provoked by an external stimuli and irritation, making particular products irresistible to consumers at a given short period of time (Wells and Prensky, 1997). As it can be observed in the literature on the different types of buying behaviour, a significant determinant, which accompanies each of the described behavioural choices, is the consumer's emotion. The consumer's emotion as suggested by Hansen et al. (2004) is a fundamental determinant of buying behaviour. It is a component of the purchasing decision-making, which can be recognised to be both influential to, and influenced by, a number of internal and external factors (Chaudhuri, 2006; Laros and Steenkamp, 2005).

Deriving from the significant importance of consumer emotion in purchasing and the great determining value it possesses, the research would suggest a new framework of buying behaviour in order for the researcher to address the initial research question adequately.

#### PLANNED BUYING BEHAVIOUR

Planned consumer buying behaviour is best described by the theories of planned behaviour (TBA) and reasoned action (TRA) (Hansen, 2006). The theories reveal that planned behaviour can be determined by the consumer's perceptions of complexity or in other words how difficult it is for the consumer to select and secure a particular product (Ajzen, 1991). The concept of perceived complexity is described by Keen et al. (2004), to comprise of the situational variables of channel tradeoffs and transaction costs. In other words, the level of complexity of a particular transaction, it is suggested, is determined by the opportunity cost of the alternative channels that exist and transaction costs, such as time, money and effort.

Furthermore, the theory of planned behaviour specifically introduces the concept of 'perceived behavioural control' as an essential determinant of the process of planned behavioural intention (Posthuma and Dworkin, 2000). In this respect, the TBA not only does explain the importance of the consumer's perception of the levels of complexity with which a particular purchase can be associated, but also outlines the essential role of the buying risk which consumers are likely to bear during purchases.

#### UNPLANNED BUYING BEHAVIOUR

As it was already identified, there are four distinctive types of buying behaviour, which can be recognised in the literature and which can be categorised in two distinctive categories of planned and unplanned buying behaviour. Each of the categories can be identified as encompassing different decision-making processes, characteristics, complexity and length (Arnould et al., 2002). Moreover, consumers' decision-making goes through a number of transformations at different stages in the buying process: problem recognition; information search; evaluation of alternatives; and purchase decision (Peter and Olson, 2007). In this respect, it can be suggested that the purchasing determinants vary according to the stage at which the particular consumer is situated in the buying process at a given time.

#### THE FINANCIAL CRISIS FACTOR

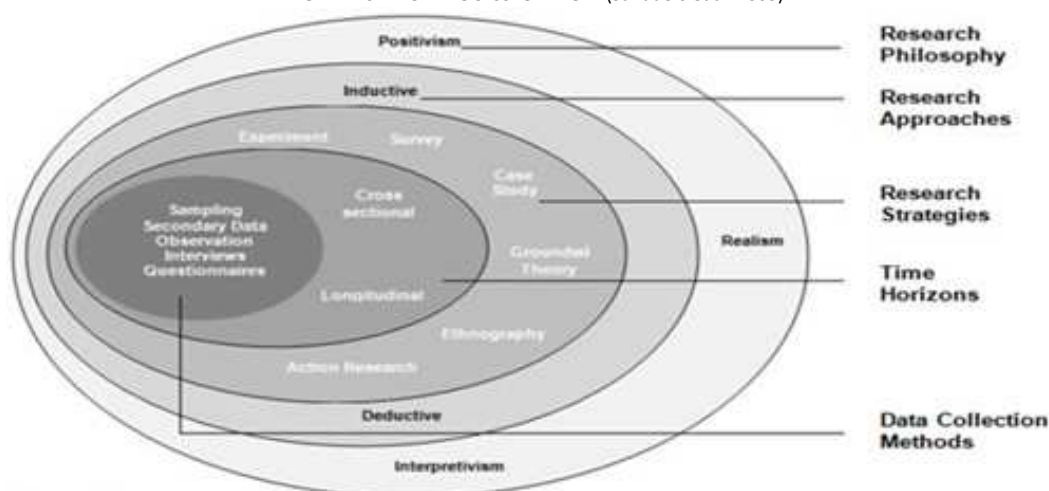
The Western world is currently facing a significant economic challenge in the face of the current financial crisis. The financial crisis, which is experienced by the majority of the developed G7 countries and in particular the UK, was the result of the US subprime mortgage crisis in August 2007 (Toussaint, 2008). The US mortgage crisis was caused by the bad quality of loans which were issued in the market at that time. For a period of seven years, some of the US financial institutions had been providing numerous credits to consumers with 'bad' credit history, which subsequently resulted in a pool of credits with a lowered possibility of repayment (Cecchetti, 2008). There are several explanations for the occurrence of the crisis, which can be recognised in the literature but are not discussed in the present dissertation as the research question is more interested in the outcomes of the crisis than the factors that caused it.

The burst of the real estate mortgage bubble had a contagious effect on the rest of the well-developed Western economies (Horta et al., 2008). Many EU countries experienced the shock in their banking sectors as the provision of credit financing became a great challenge. Banks were suffering from lack of liquidity, which caused both business and non-business consumers' financial hardships (The Economist, 2008).

#### RESEARCH METHODOLOGY

The research methodology of the present dissertation is influenced and structured by the research process 'onion', which was developed and introduced by Saunders et al. (2003). In this respect the 'Research Methodology' section of this dissertation is divided into five sub-topics, each of which aims to provide a detailed explanation of the research process.

FIG. 1: RESEARCH PROCESS 'ONION' (Saunders et al. 2003)



Knowledge is a complex phenomenon influenced and developed by various contextual variables. In this respect, a research philosophy represents a researcher's perception of the way knowledge is constructed (Saunders et al., 2003).

There are three research philosophies recognised in the literature - philosophies of positivism, interpretivism and realism. Each of these philosophies provides a distinctive view on the way knowledge is developed. It is important for a research process to clearly establish its research philosophy as it has a significant impact on the methodological framework applied.

For example, positivism applies scientific reasoning and law-like generalisations in the process of knowledge construction (Remenyi et al., 1998). The research methodology influenced by this philosophy is characterised with a highly transparent structure to facilitate replication (Gill and Johnson, 1997). On the other hand, the research philosophy of realism identifies the existence of a number of external social objectives, which influence people's interactions and respectively the creation of knowledge. Realism can be recognised to be close to the philosophy of positivism but at the same time possesses clearly distinctive characteristics as the philosophy highlights the inappropriateness of exploring people's interactions in the style of natural science (Saunders et al., 2003).

**DATA COLLECTION METHOD**

The present research process can be described as an exploratory one. It aims to reveal new insight and evaluate the researched phenomena in a new light. Furthermore, the research has a flexible approach to establishing its theoretical propositions, which does not mean that the research lacks clear direction and framework (Adams and Schvaneveldt, 1991). As exploratory research processes share the common research strategy of exploring the phenomenological literature and extracting expertise from specialists in the field and focus group interviews, similarly the present dissertation incorporates the research strategy of grounded theory and in-depth interviews. In this respect, it can be concluded that the present study is built on a combination of secondary and primary data.

**SECONDARY DATA** - The secondary data employed can be described as multiple source secondary data. Multiple source secondary data can be divided into two categories – area based, which comprises of academic sources and time series based, which focuses of commercial issues (Saunders et al., 2003). The use of multiple source data provides the researcher with the opportunity to develop a balanced and analytical dissertation. The academic literature is used for outlining the academic context of consumers' buying behaviour, whereas the commercial sources are used for identification of the current conditions, which are likely to challenge the academic constructs.

**PRIMARY DATA** - The present dissertation incorporates a multi-method research process, where the researcher combines secondary and primary data in the same study. This strategy is chosen as the researcher believes that both methods are significantly dependable on each other in the present research context, and that secondary data provides solid theoretical foundation, whereas primary data contributes to the researcher's ability to address the most important issues in the present context (Robson, 2002). The primary data is extracted through the conduction of in-depth interviews.

**SAMPLING** - Sampling is the technique applied in primary research for facilitating the researcher in choosing the most appropriate and relevant amount of data for the particular exploration (Saunders et al., 2003).

Sampling can be divided into probability and non-probability sampling. The primary research method of the present dissertation is non-probability sampling, also known as judgmental sampling. Non-probability sampling is an appropriate choice in the exploratory context of the present dissertation. Moreover, the non-probability sampling technique, which the researcher employs, is the purposive sampling. Purposive sampling is a technique that fails in being statistically representative but is useful in providing significantly rich information on the explored context. This technique contributes to the researcher's aim of identifying and exploring in-depth the key themes in a homogeneous environment, which in the present case is represented by the sample of retail consumers. The interviewer chose 20 grocery retail consumers, who were in full-time employment and had families.

**FINDINGS****KEY THEMES**

There were a number of key themes revealed during the in-depth interviews. During the interviewing processes, the interviewees recognised four essential challenges which they experience to determining their purchasing behaviour and which they associate with the current financial crisis. The challenges identified were: lowered disposable income; risk of greater opportunity cost; decreased savings and job uncertainty. The interviewees revealed that these are the financial crisis challenges, which they would outline as causing the most significant distraction in their buying behaviour.

**FIG. 2: KEY THEMES**

The interviewees were asked to identify one factor which has the most significant influence on their buying behaviour at present. Although the number of consumers interviewed is not large and thus does not present to be of any statistical importance it is still valuable for the researcher to divide the different responses and identify any trends in the consumers' perceptions.

**FIG. 3: DETERMINANTS OF BUYER BEHAVIOUR****BUYING TRENDS**

The interviewed retail consumers revealed that the key challenges, which were identified in the previous section, cause the greatest buying behaviour variance in comparison to their previous behaviour. In other words, consumers described the way by which the identified 'key themes' affect their purchasing patterns. The combination of 'job uncertainty', 'risk of opportunity cost', 'lowered disposable income' and 'decreased savings' makes consumers focus on buying efficiency by cutting on waste. In other words, consumers identified that they are likely to plan their purchases more than they did in the past. This shows that the process of planning has become an essential characteristic of consumers and is therefore a buying trend, that can be clearly recognised and outlined from the conducted

interviews. Moreover, those interviewees who described themselves as impulsive buyers, shared that they do not feel like spending impulsively any more, as their disposable income has shrunk significantly.

#### DISPOSABLE INCOME

The lowered disposable income is recognised to be the greatest challenge for the consumers' purchasing activities. All of the interviewees described that lowered disposable income makes them feel more careful when buying particular products. They also revealed that they are likely to discuss their purchases and shopping lists with their families or close friends in order to achieve greater buying efficiency in terms of buying the best quality for the amount of financial value they sacrifice. This suggests that group influence would be a great determinant of customer behaviour, which is an interesting context for further academic research as it would be valuable for a wide range of academic and commercial parties to gain more insight on the way peer pressure affects consumers during an economic crisis.

The interviewees revealed that when they discuss purchases they are most interested in the price-quality ratio and the transaction costs, which they are likely to experience during the buying processes. However, they also shared that price and quality are important determinants but many of them still identify the process of purchasing as a pleasurable event and therefore customer service and in-store environment are of high importance.

#### SAVINGS

Consumers also revealed that they find it more difficult to sustain the same level of savings as they did in the past. They recognised high prices and money depreciation to be the most significant factors affecting their inability to sustain their usual amounts of savings. This was another financial crisis outcome, which resulted in greater cautiousness during purchasing. The inability to collect the same amounts of saving budget also influenced greater pre-purchasing discussion with family members and friends. This is another factor contributing to the growing importance of peer pressure and how groups influence individuals.

The growing inability to sustain the same amount of savings made consumers focus on two distinctive alternatives. A group of the interviewees shared that they would keep consuming at the same levels by purchasing products at a lower price.

On the other hand, the other interviewees shared that they would not cut on their consumption and would try to keep purchasing comparatively high in quality products. They also revealed that in order to be able to achieve their buying plans they are likely to rely on friends' recommendations and people who share the same life style.

#### RISK OF OPPORTUNITY COST

Every choice and purchase is associated with a particular opportunity cost. In this context, interviewees revealed that they often feel pressure during the process of selecting goods, as they do not want to make wrong decisions and thus experience greater opportunity cost. This is another factor explained by the consumers that causes them to be more cautious during buying decision-making.

Consumers revealed that because of the risk of experiencing great opportunity cost they are likely to engage in pre-purchasing planning. Pre-purchasing planning, as they shared, was represented by personal observations, online searches and discussions with family and friends. A pre-planning action would give them more alternatives to choose and measure. Interviewees believe that this is a good strategy for making correct decisions, although the often rely on their personal preferences.

#### JOB UNCERTAINTY

Most of the interviewees revealed that they experience great pressure with respect to their job security. Most of them have witnessed staff reduction and feel uncertain with their job stability.

In this respect, many of them reveal that they plan their purchases ahead of time and avoid unplanned purchases in order to be able to increase their savings. By increasing their savings, the interviewees shared that they would be able to back up themselves at least with some temporary financial stability if they were dismissed.

Moreover, an interesting finding revealed during the conducted interviews was that some of the interviewees feel depressed by the various crisis outcomes and specifically by the feeling of uncertainty. This has a significant effect on their perception of shopping as a pleasurable activity. They stated that this is why they are often behaving irritably.

The following chart represents a comparison of the different purchasing values for the interviewed consumers. In other words, every consumer was asked to identify the shopping values in which they were interested at present. This contributed to the researcher's ability to identify trends in the current consumption perceptions and thus establish an overall impression of the stimuli likely to affect the choices of selection and purchases.

FIG. 4: SHOPPING VALUES



#### DISCUSSION

The researcher identified four types of buying behaviour, such as: programmed buying behaviour; limited decision-making buying behaviour; extensive decision-making buying behaviour; and impulsive buying behaviour (Arnould et al., 2002). The researcher grouped these purchasing patterns in two categories of buying behaviour, which clearly encompass their distinctive characteristics – planned and unplanned buying behaviour.

#### PLANNED BUYING BEHAVIOUR

Planned buying behaviour is characterised by the literature to involve complex processes of decision-making (Hansen, 2006; Peter and Olson, 2007). Furthermore, consumers who practice planned buying behaviour usually employ a process of information gathering and alternatives evaluation (Hansen et al., 2004). In this respect it can be suggested that consumers who engage in planned buying have greater sense of opportunity costs.

Moreover, planned buying behaviour is recognised by the literature to be highly determined by transactional costs (i.e. money, time, effort), which can be associated with purchasing (Keen et al., 2004). In other words, the greater the transactional costs and complexity, the greater the risk which they are bearing and thus the greater the likelihood of shifting to less risky options (Posthuma and Dworkin, 2000). Deriving from the characteristics of planned buying behaviour and identifying the current financial crisis challenges consumers face, it can be concluded that business organisations are facing and are likely to be facing a number of challenges, which they need to overcome through the application of careful, well-reasoned and efficiently tailored marketing strategies.

Nowadays, the financial crisis can be identified to be resulting in an increased transactional complexity, with which a purchase can be associated. In this respect, consumers are likely to face greater risk in their purchases and therefore are likely to shift their interest to less 'harmful' alternatives. This is why it can be suggested that an efficient marketing strategy in these circumstances would be the one that minimises the transactional costs, which buyers are likely to face.

A marketing approach, which can be suggested to be a possible solution for the above identified purpose of diminishing transactional costs, would be the one that provides greater information. As planned buying behaviour is associated with complex decision-making that encompasses the processes of information gathering and alternatives selection (Foxall and Goldsmith, 1994), it can be concluded that marketing strategies that respond to the needs of such complex behaviour are likely to decrease the buying risk which consumers perceive (Shim et al., 2001).

The conducted interviews revealed that consumers are highly sensitive to the value they receive in return for the money they supply within a purchase. This can be considered as another example of the valuable role of information and the greater confidence to which it is likely to contribute to the doubting consumers' moods. Moreover, as the present financial crisis increases consumer uncertainty it can be suggested that an extensively informative marketing strategy would relieve pressure and increase customer trust (Brassington and Pettit, 2007).

In the context of relieving consumer pressure, a significant marketing importance has the marketing mix of 7Ps – 'place', 'price', 'product', 'promotion', 'people', 'processes' and 'physicality' (Groucutt et al., 2004). The 7Ps is a bundle of marketing components, which are essential factors for the efficient marketing performance of a company (Kotler, 2000). However, in the present case, the components of the marketing mix which can be suggested to be the greatest determinants of consumer satisfaction are 'people', 'processes' and 'physicality'.

These are components of the marketing mix recognised to have great impact on the emotional perceptions of consumers (Churchill and Peter, 1998). In this context, the marketing strategy of hard discounters, which incorporates the primary focus of low pricing, may yield unsuccessful results in the future. Moreover, consumers currently associate hard discounters with bad and inappropriate customer service (Mintel Oxygen, 2008). This is why, it can be concluded, the marketing concentration on pricing is an adequate commercial direction as consumers are observed to be cutting on premium products but still insufficient in terms of attracting long-term interest. Moreover, in the conditions of the present financial crisis and the unemployment in which it results (Office for National Statistics, 2008), it can be suggested that many companies are likely to suffer from capacity management obstacles and thus perform badly in the customer experience they provide to their consumers.

Another interesting conclusion that can be established is that the marketing efforts of companies should not only be directed towards the development of in-store stimuli to attract consumer attention, but also focus on other marketing promotion and sales channels. The present research reveals UK consumers are spending more time at their homes and are becoming more inclined to engage in online shopping (Euromonitor International, 2008). This is clearly an opportunity for UK retailers to retain their pool of consumers, but on the other hand can be identified as significant challenge.

Firstly, online websites can be recognised as shopping channels, which are observed by many consumers as likely to result in the occurrence of a negative outcome. This is why planned buying behaviour is recognised to perceive these channels as risky and predisposed to high transactional costs (George, 2004; Lim, 2003).

#### UNPLANNED BUYING BEHAVIOUR

Unplanned buying behaviour, which is recognised in the literature as impulsive and highly determined by emotional factors (Havlena and Holbrook, 1986), is not characterised with great complexity in the decision-making as it is with the planned buying behaviour, but is also significantly affected by the current financial crisis (Chaudhuri, 2006; Laros and Steenkamp, 2005).

Unplanned buying behaviour is influenced by various positive and negative factors (Rook, 1987; Wells and Prensky, 1997). A factor, which can be recognised to result in unplanned purchasing behaviour, may be provoked by any type of product and marketing innovation. As innovation is a process associated with the introduction of a novelty (Afuah, 2003), it can be suggested that it predisposes it to situational unfamiliarity, which is seen as provoking unplanned purchasing (Chaudhuri, 2006).

In this context, the successful marketing strategy may be recognised as having an innovative focus. This is likely to attract customers' attention and contribute to market share expansion and revenue growth. Moreover, it can be suggested that such a marketing approach may result in the emergence of new brand recognition and consumer perceptions. In other words, the financial crisis may appear as a favorable period for companies, which are targeting new market niches and relocating their positioning strategies (Hawkins, 2008).

However, the possible opportunities for innovative marketing performance of companies may be easily detracted by the highly influential economic factor of lower disposable income, which many UK consumers experience (Euromonitor International, 2008). These significant factors resulted in consumers' buying behaviour, which is focused on economical and efficient purchasing (Mintel Oxygen, 2008b). This is why the successful development and implementation of innovative marketing promotions has a good chance of failing - because of UK consumers' financial considerations.

Furthermore, innovative marketing is recognised to be challenged by another essential factor and this is the fact that many UK consumers are spending more time at home. This can be identified as a significant drawback in terms of retailers' ability to promote unplanned buying behaviour. Impulsive buying is associated with consumers' mood states (Luo, 2005; Rook and Fisher, 1995) and consumers' mood states are suggested to be influenced by the marketing mix of 'physicality', 'people' and 'processes' (Groucutt et al., 2004; Iacobucci and Calder, 2003). In this respect, organisations are challenged to develop new channels for promoting their products and services.

Some of the alternatives could be the development and employment of direct marketing approaches. As consumers are likely to spend more time isolated from the in-store environment it can be proposed that retailers should recognise channels through which they can reach the pool of consumers.

An essential element of the unplanned buying is the compulsive buying behaviour. Although compulsive buying behaviour can be suggested to be similar to impulsive purchasing in terms of the unexpected and 'immature' purchasing decision-making, it is a phenomenon with significantly different characteristics and determinants (Shoham and Brenic, 2003). Compulsive buying behaviour is recognised in the literature to be resulted by negative external stimuli, which cause buyer's irritation and anxiety (Solomon, 2002).

Deriving from the characteristics of the compulsive buying behaviour and recognising the high levels of pressure in which the current financial crisis results, it can be proposed that compulsive buying is likely to increase. The rationale of this suggestion is constructed on the proposition that the financial crisis pressure is likely to result in consumer buying disturbance and thus result in compulsive buying, produced by emotional irritation and perception irrationality (Chaudhuri, 2006).

Although unplanned behaviour, and in particular compulsive buying behaviour, may be suggested to gain popularity, it is still not an opportunity retailers should applaud. Firstly, compulsive buying behaviour, because of the likely levels of irrationality involved in this purchasing process, cannot be recognised as buying behaviour to establish the beginning of long-term purchasing pattern. In other words, compulsive behaviour does not mean loyalty, trust and consumer retention, which can be identified as key determinants of long-term prosperity (Kotler, 2000).

The conducted research reveals that the present financial crisis has significant impacts on both planned and unplanned consumer buying behaviour. The greatest determinant of buying behaviour, as it can be seen here, is consumer disposable income. It is an essential element of planned buying behaviour because of the purchasing rationality; opportunity cost evaluation and risk considerations, which consumers employ in their buying decision-making. However, the low prices which some hard discounters provide are still not the only requirements for growth in market share and profitability.

#### CONCLUSION

At the present time the world is facing a tremendous economic challenge. The subprime crisis, which burst in the USA in 2007, infected a number of well-developed Western economies such as the United Kingdom. The financial crisis is recognised as a multi-dimensional phenomenon, which has numerous impacts on various aspect of the economic and social life of the country. In this context one of the most severely impacted components of the UK economy was the consumer buying behaviour. Consumer buying behaviour is characterised as a bundle of decision-making processes, which are influenced by a range of internal and external factors. However, as the literature suggests, the most influential factor is recognised to be the external economic instability that UK retail consumers experience. The negative effects of the financial crisis can be observed to hit the overall purchasing behaviour of consumers as both planned and unplanned buying behaviour are significantly affected.



This extremely volatile environment is identified to be highly challenging for UK retailers and in particular for their marketing strategies. Deriving from the conducted research it can be concluded that the most powerful and successful marketing strategy to attract and retain consumers' interest in the present situation is the marketing strategy which integrates and successfully exploits all of the marketing mix components of price, product, place, promotion, people, processes and physicality. In other words, the most successful marketing strategy is the one which is not only focused on one aspect of the consumer buying behaviour, but provides a mix of unique selling propositions, innovative promotions, adequate pricing, attractive in-store environment, high quality of customer service and physical evidence for good product quality. This is the only strategy that is likely to result in long-term market share expansion and growth in consumer loyalty.

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