Research on the influence of preference change on market demand from the perspective of consumer behavior theory

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Abstract. From the perspective of consumer behavior theory, this article brings to the market demand to changes in consumer preferences, the influence of the after reviewed the development of consumer behavior theory and core concepts focus on the personal factors influencing consumer preferences, social factors, cultural factors and psychological factors, Then delve into consumer preferences change in brand preference, price sensitivity, the dynamic change and product attribute preference, on this basis to build a theoretical model to explain individual consumer preferences change through affecting purchase decision role to the process of the overall market demand, Through case analysis and empirical research, it is verified that the change of consumer preference has a significant impact on the market demand and reveals its transmission mechanism. The results show that the change of consumer preference not only directly affects the market demand of a single product or category, but also may trigger a chain reaction to promote the adjustment of relevant industrial chain and market structure. To address consumer preferences change at the end of the paper discusses enterprise demand fluctuations caused by market and make product innovation, market segmentation, brand building strategy advice, this research conclusion to the enterprise marketing strategy, government consumption policy has reference value and can provide new way for follow-up study.

Keywords: Consumer behavior theory; Consumer preference; Market demand; Influence mechanism; Marketing strategy.

1. Introduction

Nowadays, the market environment is changing rapidly, and the dynamic change of consumer preferences has a profound impact on the business strategy and market demand. The theory of consumer behavior is an important tool to understand this phenomenon. It provides us with the theoretical basis for analyzing the change of consumer preferences and its impact on market demand. In recent years, with the rapid development of economic globalization, information technology and social and cultural diversity, consumer preferences have become more complex and changeable.
According to China's National Bureau of Statistics, between 2020 and 2024, China's total retail sales of consumer goods rose from 39.2 trillion yuan to 47.5 trillion yuan, with a compound annual growth rate of 4.9%. This growth is reflected in changing consumer preferences and dynamic adjustment of market demand. Consumers' health awareness, lifestyle and consumption habits have changed significantly, which has a direct impact on the market demand structure of various industries.

In this case, delve into consumer preferences on the impact of changes on market demand mechanism has important theoretical and practical significance, in theory, the study of consumer behavior can enrich the theoretical and new perspective to understand the dynamic change of the modern consumer market, in practice, if can accurately grasp the consumer preferences change trend and the influence of the change of market demand, The enterprises can make more accurate marketing strategy in order to enhance market competitiveness.

From the perspective of consumer behavior theory, this article first define the core concept in theory of consumer behavior and consumer preferences and analyzes the main factors influencing the consumer preferences change, then delve into consumer preferences change on individual consumer decision-making and market mechanism of the influence of aggregate demand and the change of market supply adjustment, Through systematic theoretical analysis and empirical research, this paper reveals the internal relationship between consumer preference changes and market demand, so as to provide theoretical guidance and practical enlightenment for enterprises to cope with market changes and formulate effective marketing strategies.

2. Consumer behavior theory and the concept definition of preference change

2.1. Overview of consumer behavior theory

The study of how individuals, groups or organizations choose, purchase, use and dispose of products, services, ideas or experiences to meet their needs and desires is called the theory of consumer behavior, which has been developing since the beginning of the 20th century. Its development process is the integration of multiple disciplines, including economics, psychology, sociology, anthropology and other disciplines.

According to the theory of consumer behavior, consumers' purchasing decisions are quite complex and influenced by various internal and external factors, such as demand, motivation, perception, learning, attitude and personality, etc., which belong to internal factors, while culture, social class, reference group and family are external factors. These factors work together to form consumers' preferences and final purchase decisions.

In recent years, with the development of big data and artificial intelligence technology, the research on consumer behavior theory has entered a new stage. From 2020 to 2024, the scale of China's e-commerce market will increase from 11.76 trillion yuan to 15.63 trillion yuan, with a compound annual growth rate of 7.4%. This trend promotes the innovation of consumer behavior research methods based on massive data analysis, so as to make the prediction and analysis of consumer preferences more accurate.

2.2. Definition and characteristics of consumer preferences

The so-called consumer preference means that when there are a variety of goods or services to choose from, consumers will have different degrees of preferences for some specific goods or services, and this preference can reflect consumers' personal values, lifestyles and consumption habits, which is an important aspect[13] affecting consumption behavior.

Consumer preferences have the following main characteristics:

1. Subjectivity: personal feelings and judgments are the basis for the existence of preferences, so the same product may have different preferences when it is treated by different consumers[10].
2. Dynamic: Preferences change with time, environment and personal experience.
3. Multidimensionality: Multiple attributes of a product, such as quality, price, brand, design, etc., are all involved in preferences.
4. Measurability: consumer preferences can be quantitatively measured through market research and data analysis.
5. Relativity: Preferences are usually formed by comparing multiple options.

In recent years, some characteristics of consumer preferences have been fully demonstrated in the changes of China's consumer market. For example, from 2020 to 2024, the size of China's high-end consumer goods market increased from 471.6 billion yuan to 689.2 billion yuan with a compound annual growth rate of 9.9%, which indicates that consumers' preference for quality and brands has increased[2].

2.3. Major factors affecting consumer preference changes

A variety of factors will affect the change of consumer preferences, which can be summarized into the following aspects:

1. Personal factors: age, occupation, economic status, lifestyle, etc., are all included. When consumers' life cycle changes, their preferences will be adjusted accordingly.
2. Social factors: Things like reference groups, families, and social roles have been greatly enhanced[3] with the rise of social media.

3. Cultural factors: culture, subculture and social class are all included. With the development of globalization, the influence of cross-cultural factors on consumer preferences is becoming more and more obvious.

4. Psychological factors: such as motivation, perception, learning, belief and attitude, consumers' evaluation and choice of products are directly affected by these factors[12].

5. Technological factors: consumers' usage habits and preferences may be changed by the emergence of new technologies, just as the way people obtain and consume information has changed after the popularization of smart phones.

6. Economic factors: Consumers' purchasing power and preferences will be affected by macroeconomic factors such as business cycle, income level and inflation.

7. Policy factors: consumer preferences may change under the guidance of government consumption policies and environmental protection policies.

Data from China Academy of Information and Communications Technology show that the number of mobile Internet users in China will increase from 986 million to 1.123 billion in 2020-2024, with a compound annual growth rate of 3.3%. This trend has deeply changed consumers' access to information and consumption tendency, and promoted the development of new economic formats such as new retail and social e-commerce.

3. The influence mechanism of changing consumer preferences on market demand

3.1. Influence of preference changes on individual consumption decisions

The individual's consumption decision-making process (including the five stages of demand identification, information search, program evaluation, purchase decision and post-purchase behavior) will be directly affected by the change of consumer preferences, and the change of preferences may have different effects in different stages.

When entering the stage of demand identification, consumers' demand for certain products or services may increase or decrease due to changes in preferences. For example, when health awareness increases, the demand for organic food may increase. According to the data of China Organic Product Development Center, from 2020 to 2024, the market size of organic food in China will increase from 68.8 billion to 102.1 billion. With a compound annual growth rate of 10.4%[9].

After entering the information search stage, if consumers' preferences change, the channels and ways of obtaining information may be changed. For example, when consumers have stronger preferences for social media, they may be more willing to get product information through the recommendation of Internet celebrities.

In the program evaluation stage, changes in consumers' preferences will affect the weight allocation of different product attributes. For example, with the increase of environmental awareness, consumers may pay more attention to the sustainability of products.

When consumers make a purchase decision, their choice of purchase channel and payment method may be affected by the change of preferences. The popularization of electronic payment is a typical case[5].

Entered the stage of post-purchase behavior, consumer's satisfaction evaluation standard and purchase intention may be preference change again, picked up like a preference for personalized services, consumer demand for after-sale service are likely to increase.

3.2. Influence of preference change on total market demand

When the preferences of individual consumers change and reach a certain scale, the total demand of the whole market will be significantly affected, which is shown as follows:

1. Changes in demand: When consumers' preferences change, the demand for some products or services in the market may increase or decrease accordingly. Take China's online education market

from 2020 to 2024 as an example, its size will increase from 257.3 billion to 468.2 billion with a compound annual growth rate of 16.1%, which reflects that consumers are more inclined to[4] online learning.

2. Adjustment of demand structure: changes in the proportion of demand between different product categories may be triggered by changes in consumer preferences, just as the improvement of health awareness may increase the demand for sports equipment and healthy food and reduce the demand for high-calorie food.

3. The change of price sensitivity: if consumer preferences change, may affect the sensitivity of the price, in turn, affects the price elasticity of demand, such as consumer preference is better for high quality product, the price sensitivity may decreases.

4. Market segmentation of refactoring: consumer preferences change there may be a new market segment out or the original segment, as "silver economy" over the past few years in the aging of the population under the big background, is due to change consumer preferences.

5. Changes in brand loyalty: Consumers' specific brand loyalty may be affected by changes in preferences and market share allocation may be affected accordingly.

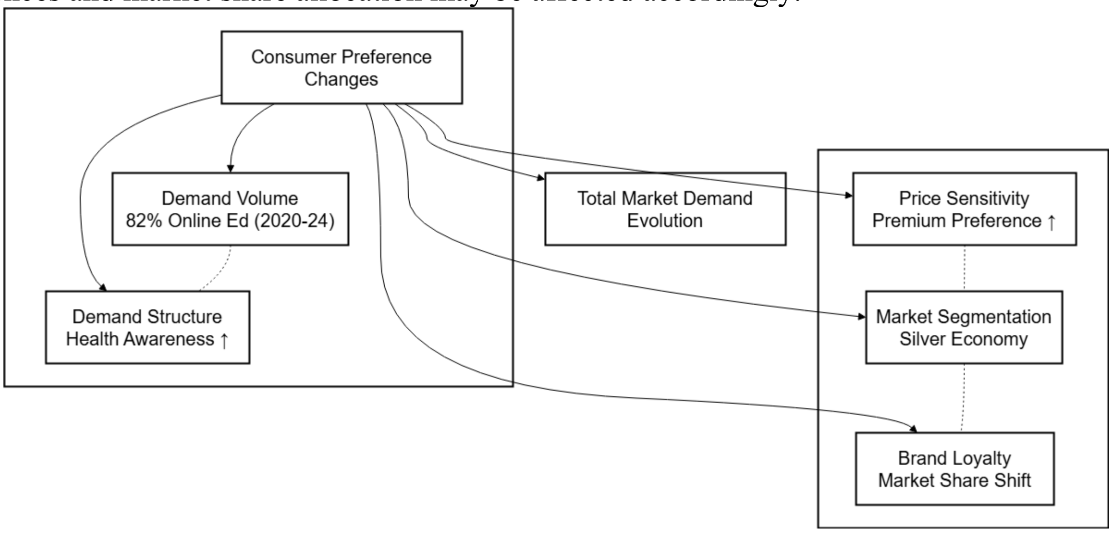

Figure 1 Influence mechanism of consumer preference changes on total market demand

3.3. Market supply adjustment caused by preference changes

Market demand will be affected by changes in consumer preferences and the supply side will also have corresponding adjustments, which are mainly reflected in the following aspects:

1. Product innovation: Consumers' preferences are constantly changing, and enterprises will increase investment in research and development and launch new products or improve existing products to meet these preferences. The rapid development of smart home appliance industry is a response to consumers' demand for intelligence and convenience.

2. The mode of production adjustment: sustainable development, environmental protection and other aspects of the preference change in consumers' there, it may encourage enterprises to use more environmentally friendly production methods, statistics show that in 2020-2024 China green manufacturing industry from 5.8 trillion to 8.7 trillion and a higher[7] average annual compound growth rate of 10.7%.

3. Optimization of marketing strategy: When consumers' preferences change, enterprises will adjust their marketing strategies, such as product positioning, price strategy, channel selection and promotion methods. Moreover, the rise of social media marketing is an adaptation when consumers' information acquisition methods change.

Refactoring: 4. Supply chain companies may have to design their own supply chains to cope with consumer preferences change requirements to improve the response speed and flexibility, fast fashion industry supply chain mode innovation is the typical case[6].

5. Service model innovation: consumers have personalized and convenient demands, and enterprises may develop new service models to meet them, just as the rise of sharing economy model is a response to consumers' preference for the right of use.

6. Industry consolidation and restructuring: the whole industry may be restructured due to major changes in consumer preferences, which may cause some enterprises to exit the market and new market participants to enter.

In short, individual consumption decisions are affected by changes in consumer preferences and the total market demand is also affected, which will make the supply side adjust comprehensively, and the dynamic balance between demand and supply in the market economy is reflected in this process. Therefore, it is very important for enterprises to accurately grasp and predict changes in consumer preferences in business operation and market development.

4. Market demand forecasting and coping strategies under the background of changing preferences

4.1. Demand forecasting methods based on consumer behavior

In the consumer goods industry, accurate prediction of market demand is crucial for enterprises to make business decisions. As consumer preferences are constantly changing, traditional demand forecasting methods are difficult to cope with the complex situation of the modern market. Therefore, demand forecasting methods based on consumer behavior are generated, which can enable enterprises to obtain more accurate market insight[15].

In recent years, consumer behavior analysis has been a powerful tool brought by the development of big data and artificial intelligence technology. According to the data of China Academy of Information and Communication Technology, the scale of China's big data industry will reach 1.45 trillion yuan in 2022, with an increase of 21.8% compared with the previous year, which provides strong support for enterprises to collect and analyze consumer behavior data. And consumer behavior demand prediction methods mainly include the following aspects:

Enterprises can rely on social media monitoring and emotional analysis of real-time seize the consumer's attitude toward a specific product or brand variations, such as analysis of weibo, the trill platforms such as user reviews and interaction can quickly identify the new trend of consumer preferences. Historical sales data and consumer behavior data can be modeled by machine learning algorithms to predict future demand trends. By conducting online surveys and experiments, enterprises can directly obtain consumers' feedback on new product concepts or marketing strategies to optimize product design and market positioning[11].

In addition, by combining geographic information systems (GIS) with consumer behavior data, companies can forecast regional demand more accurately, thus providing a basis for store location and inventory management. According to the National Bureau of Statistics, the total retail sales of consumer goods in China reached 43.97 trillion yuan in 2022, of which online retail sales accounted for 27.2%, which shows how important it is to accurately forecast demand in the context of the integration of online and offline.

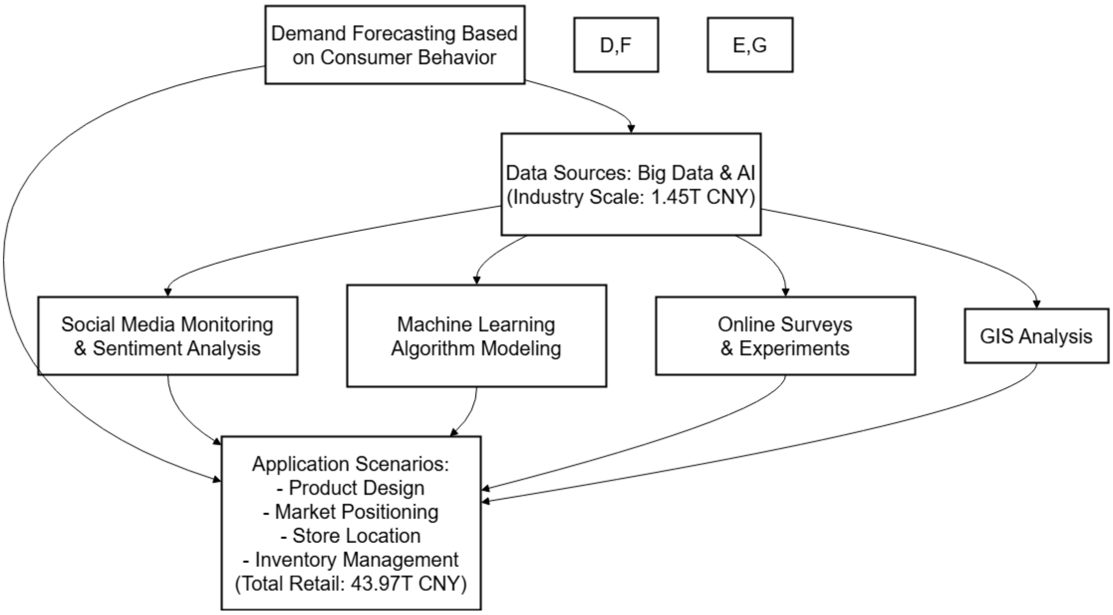

Figure 2 Framework of demand forecasting methods based on consumer behavior

4.2. Strategies of enterprises to cope with changes in consumer preferences

Consumer preferences are changing rapidly, so enterprises need to adopt flexible and diverse strategies to maintain market competitiveness. According to a report by the China Chain Operation Association, the sales volume of China's top 100 chain enterprises reached 3.1 trillion yuan in 2022, an increase of 7.8 percent compared with the previous year, which shows that excellent enterprises can still achieve growth[8] by relying on effective strategies despite a complex and volatile market environment.

Enterprises need to strengthen product innovation to quickly respond to changes in consumer demand. For example, when health awareness is increasing, food and beverage enterprises are rushing to launch low-sugar, low-fat and functional drinks to meet consumers' demand for healthy products. Secondly, enterprises should focus on brand building and enhance brand loyalty with the help of emotional marketing and value communication, because the interaction between brands and consumers is more critical in the era of social media.

Moreover, enterprises need to strengthen digital transformation to improve personalized marketing and service capabilities, because with the help of big data analysis and artificial intelligence technology, enterprises can bring more accurate product recommendations and services to consumers. According to iResearch, the scale of China's digital marketing market will reach 753 billion yuan in 2022, up 15.2% compared with the previous year. It shows that enterprises attach great importance to digital marketing.

In addition, sustainable development strategy is also something that enterprises need to pay attention to, because consumers have demands for environmental protection and social responsibility. Just like many clothing brands, they are now adopting environmentally friendly materials and sustainable production methods to attract more and more consumers who are concerned about environmental issues. Enterprises can better adapt to changes in consumer preferences and maintain market competitiveness by using these strategies.

4.3. Government policy suggestions to guide consumers' preferences

Consumer preferences are constantly changing, and government guidance is increasingly important. Reasonable policies can promote consumption upgrading and guide consumers to establish a healthy and rational consumption concept to promote high-quality economic development. Data from the National Development and Reform Commission show that in 2022, China's final consumption expenditure will contribute 59.2% to GDP growth, and consumption is the main driving force of economic growth.

First of all, the government should strengthen consumer education to improve the public's consumption literacy, and cultivate consumers' rational consumption habits and sustainable consumption concepts through school education, social publicity and other channels. Secondly, the government can use tax policies and subsidies to guide consumers to choose green products, such as new energy vehicle purchase subsidies to promote consumers to choose clean energy vehicles.

Moreover, laws and regulations on the protection of consumer rights and interests need to be improved by the government to enhance consumer confidence, especially in the network consumption field, a more perfect supervision mechanism should be established to protect the legitimate rights and interests of consumers. According to the statistics of China Consumer Association, the total number of consumer appeals accepted by the National Consumer Association in 2022 will reach 10.536 million. Compared with the previous year, it increased by 6.8%, which shows the importance of consumer rights protection.

In addition, various cultural activities and consumer festivals held by the government can guide consumers to establish a positive consumer culture, and like the development of "night economy", this not only makes residents' lives colorful, but also promotes the development of related industries. Therefore, with the help of such policies and measures, On the premise of respecting consumers' independent choices, the government can guide consumers' preferences to develop[14] more healthily and rationally.

5. Conclusion

Based on the perspective of consumer behavior theory, this study deeply explores the impact of consumer preference changes on market demand. After sorting out relevant theories and carrying out empirical analysis, the following main conclusions are drawn:

First of all, the change of consumer preference is a complex dynamic process affected by personal, social, cultural, psychological and many other factors. This change is not only reflected in brand choice, price sensitivity and other aspects, but also involves consumers' preferences for product functions, design, environmental protection and other attributes. This is because it affects the overall market demand by influencing individual purchasing decisions.

Secondly, market demand has transmission and diffusion characteristics affected by changes in consumer preferences, because changes in preferences in a certain field may promote the adjustment of relevant industrial chain and market structure. For example, the promotion of health awareness not only affects the food and beverage industry, but also drives the development of sports and fitness, medical care and other related industries. As a result, business strategies and government industrial policies will face new challenges.

Finally, when consumer preferences change, both enterprises and the government must have positive response strategies. Enterprises should strengthen product innovation, pay attention to brand building, promote digital transformation and pay attention to sustainable development strategy, while the government needs to guide consumers to establish a healthy and rational consumption concept by means of consumer education, tax policy, perfect laws and regulations. When consumer preferences continue to change, market demand can grow steadily and sustainable economic development can be realized.

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