

Changing Consumer Behaviour

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1. Introduction

This report evaluates the impact of how changes in social trends and consumer behaviour are affecting the motorsport industry focussing on the social trends, Globalisation and experience economy.

Social trends can be defined as any type of activity that is participated in by society as a whole. Trends can be long-lasting or short lived. (Reference.com, 2019) The motorsport industry can benefit in some cases due to the constant changes in social trends but can also lose out in some cases. People within the motorsport industry can take advantage and be a step ahead of the game by acting strategically and gaining the knowledge and understanding of peoples changing needs and desires. This puts them in a position to predict the market and spot their next finance generating opportunity.

To define consumer behaviour: it is the study of consumers and the processes they use to choose use (consume), and dispose of products and services. A more in depth definition will also include how that process impacts the world. Consumer behaviour incorporates ideas from several sciences including psychology, biology, chemistry and economics. (Friesner, 2019) Consumer behaviour can affect the motorsport industry in a number of ways and individuals and teams within the industry will try to understand what key factors influence consumers in their purchasing decisions. *"All marketing decisions are based on assumptions and knowledge of consumer behaviour,"* (Hawkins, 2007)

2. Main Body

2.1 Social Trends –

Social trends affect the greater part of society and always have, they affect consumer's habits, lifestyles, hobbies and personalities. Social trends have always existed and can be anything from appearance, music and activity. People tend to see a trend occurring and will desire to follow or become a part of that trend to fit in with everyone else as they see it as desirable.

Businesses try and target people to market their product to, and by being able to predict up and coming social trends they are able to tailor products to fit a shifting landscape. They will then use this prior knowledge of the up and coming trends to further enhance the appeal of their product to consumers.

2.2 Changes in social trends -

Changes in social trends can be positive or negative for businesses. Changes could create opportunities within the market that if taken advantage of, could be hugely beneficial to the business. However the changes can be negative and could cause problems for the business if they are too rapid and unforeseen, if the change is unforeseen and takes place with too much time passing by for the business to jump on the change it is easy for the business to fall behind and this can then be very difficult to catch back up.

Gentrification is a social trend that can affect many businesses and be an opportunity to maximise profit and regenerate an area. Gentrification is the process where businesses look for a cheap low income housing to take advantage of and start out knowing that in a few years' time the area will go mainstream. It is possible to see this change coming as you can look out for where the artists are situated. According to (Azcentral.com, 2019) *"When 'starving' musicians, graphic designers, actors and painters move into an area, it begins to attract the more well-heeled young crowd who want to be where the cool clubs and hot cafes are. As they spruce up their living spaces, rents rise, the artists get pushed out and the neighbourhood eventually goes mainstream"*.

Technological change is one of the constantly changing social trends due to its constant development and enhancement. Due to this factor it can impact businesses both positively and negatively as it determines how the business can operate. Better and more modern technology can improve a business's performance drastically but can also take over more human based work and therefore call for a need to overhaul old methods which may take a lot of restructuring and financial influence. The business can put the work in and adapt to this or fold to superior competitors.

2.3 Consumer Behaviour -

Businesses will try to understand what factors influence/affect consumers when it comes to the purchasing of goods. It is potent for businesses to understand consumers to the best of their ability as they can utilise whatever knowledge they have on consumers to market their products so it tailors the consumer's desires. Businesses will be able to understand what there is a market for and what is outdated and will be able to market their product in the most effective manner.

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions. (Yourarticlelibrary.com, 2014)

2.4 Changes in Consumer Behaviour-

Over the last couple ^{spelling} decades consumer behaviour and the whole purchasing of goods sector has been changed massively. The constant advances in technology have changed buying methods significantly; the internet has created the trend of twenty-four seven consumers. Twenty-four seven consumers has been the name given to people shopping on the internet for their products as the internet has no opening or closing times, it allows people to shop whenever they want. The internet provides an option for the consumer as they may see an item in the high street for a certain price but they can then search for it on the internet and find it for a lower price, this creates competition and leads to high street stores losing out to companies on the internet. Purchasing products through the internet is also a more convenient and stress free task as you can do it from the comfort of your home surroundings and have the product delivered straight to your door, this is a bonus for consumers as speed and convenience has always been one of the main factors they consider when it comes to purchasing a product.

Businesses see that gaining knowledge and understanding of consumer needs is important as they can then use that information to their advantage by having a greater opportunity to influence buying methods and decisions.

2.5 Globalisation -

Globalisation can be defined as, *"The process by which businesses or other organizations develop international influence or start operating on an international scale."* (Oxforddictionaries.com, 2019)

Motorsport has been influenced and affected significantly over the last couple decades by the social trend Globalisation. According to, (Blake, 2015), "The globalisation of Formula 1 is a topic never short of debate and conflicting opinions." Motorsports most iconic and traditional race circuits are mostly located within Europe and have been the hosts to hundreds of Grand Prix. Tracks such as Monte Carlo, Spa in Belgium, Imola, Silverstone in Britain and Monza in Italy, have all been the sites of enthralling races that have gone down in history. For example the Nigel Mansell and Ayerton Senna battle at Silverstone 1991 (Racefans.net, 2019) and the 1969 race at Monza that Jackie Stewart won over Jochen Rindt and Jean-Pierre Beltoise by less than a fifth of a second. (Influx.co.uk, 2010) Many Formula 1 fans believe that moving away from the more traditional circuits will take the sport away from its roots, whereas other fans believe investment in areas like Asia is needed to keep the sport moving forward and will help modernise the world of motorsport.

"History and tradition is not acquired overnight, nor can it be purchased with the construction of a new circuit; however, the new host cities need to be given time to demonstrate that the demand for F1 is not just centred in Europe but is a global phenomenon." (Blake, 2015)

The Globalisation of Formula 1 has been underway for the last decade, the calendar has seen the addition of circuits like Austin, Abu Dhabi, Singapore, Malaysia and many others. These new Circuits are all purpose built with modern grandstands and excellent facilities to cater for the Formula 1 Championship. According to (Circuitoftheamericas.com, 2019) The Circuit of The Americas venue situated in Austin, Texas and construction of the circuit cost approximately \$400 million dollars in private investment. The circuit is located 9 miles from Austin-Bergstrom International Airport and less than 15 miles from downtown Austin creating an easily accessible circuit close enough to an airport so teams and fans can get to the circuit efficiently with not a lot of road mileage. The track has everything and more and is the only FIA-certified Grade 1 track in the United States, and one of only 26 Grade 1-certified motorsports facilities in the World. Development is key and people can become bored quickly, the globalisation of motorsport and the construction of new circuits like, *"The Circuit of The Americas"* rethinks traditional values and keeps the sport interesting.

(Blake, 2015) Said, *"Formula 1 cannot rest on the laurels of previous success – it must seek new opportunities, new audiences and, subsequently, new names."*

Good point

Globalisation has impacted all types of motorsport including the World Rally Championship, World endurance championship and even NASCAR (the American based Oval Racing championship) with the addition of more and more countries to their respective championships. These championships create new markets by entering all these different countries as it boosts interest for their chosen motorsport and creates a more global following. The NASCAR Whelen Euro series for example is set to expand across Europe for its 2019 series visiting 8 different countries within Europe with the addition of the Czech Republic for the first time and they will return to the Netherlands. This championship brings a taste of the American series to Europe and creates a **Good point** in the NASCAR series. In doing so creating a more global following and more marketing opportunities. (Nascar.com, 2019)

2.6 Experienced **spelling** economy -

Experienced Economy can be defined as, *“an economy in which many goods or services are sold by emphasizing the effect they can have on people’s lives.” Experiences are their own category, just like “goods” and “services.”* (Localist.com, 2019)

Experienced economy is a social trend that has changed consumerism in the last decade, people with disposable income would now rather spend their money on having a good experience rather than buying desirable possessions. The trend is now so that people would rather spend their disposable income on a holiday than a designer coat. This has had a positive effect on the motorsport industry as they can now market experiences to consumers such as track days compared to a day they could only market racing merchandise. Motorsport can provide experiences and make a healthy profit from selling these experiences and with the addition of the huge profits they make from merchandise they will make a healthy profit.

Formula 1 provide experienced economy through the medium of their F1 Experiences product. They offer a range of experiences which all come at different prices depending on how much of an experience you **Good analysis** ve. (F1experiences.com, 2019) *“Official Ticket Package Benefits”* offer;

Unique Access – Where you are able have access to pit lane walks, be part of behind tours of the Paddock, team garages and the podium.

Hospitality – Where you have access to the Champions Club, where you get the best race views, get to meet some of the biggest names in the world of Formula 1 and have access to open bars and cuisine.

Driver Meet And Greets – Gain access to Q&A sessions with some of the biggest names in Formula 1. **Good point**

Accommodation – Accommodation in amongst the team hotels along with daily transport to and from the circuit.

Event Tickets – Which gives guest unparalleled access and the best seats in the circuit.

These Experiences all come at different prices but are never cheap, the prices differ for each Grand Prix due to it being in a different country every time meaning the prices are not consistent. Separate from F1 experiences, the Formula 1 tyre manufacturer also offers experienced economy to anyone with a lot of disposable income lying around. “Pirelli Hot Laps” is a new edition to Formula 1 and has been taking place ever since 2018, it is a very special experience where *“you get a flying lap around a Formula 1 circuit in one of the world’s coolest supercars with an awe-inspiring driver -- but it ain’t cheap.”* (Hyatt, 2018) Aston Martin, Mercedes Benz and McLaren are the cars available and each are driven by a highly skilled driver. The drivers tend to be F1 racing legends like Martin Brundle, however on occasion current Formula 1 stars like Fernando Alonso, Daniel Ricciardo and Lewis Hamilton have done the driving. This is an experience like no other that enables you to live out your Formula 1 fantasies and in terms of experienced economy is up there with the best you can get as a motorsport enthusiast. This particular experience will set you back \$15,000 dollars. (Hyatt, 2018)

3. Conclusion

Research acquired within this report corroborates the viewpoint that the impact of changing social trends can both be positive and negative for a motorsport company. It is not possible for companies in the Motorsport sector to predict the changes in social trends, however they are able to gather information that may lead them to find a gap in the market by following the main social factors that force change. To find a new marketing possibility Motorsport companies try to gain knowledge on what factors have an influence on consumer behaviour.

Globalisation has had a massive impact on motorsport over the years and has taken motorsport to different parts of the world enabling people from all walks of life to experience the thrill, it will continue to globalise in the coming years to stay relevant and have a market.

Experienced Economy has had a positive impact on motorsport as consumers that attend motorsport events are enduring an experience. For motorsport championships to see this gap in the market and provide extra experiences creates a healthy profit and an excellent experience. Whether Experienced economy is a continuous trend or not is yet to be seen however Motorsport enthusiasts will always be eager to experience a race live.

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GRADEMARK REPORT

FINAL GRADE

45/100

GENERAL COMMENTS

Instructor

Evidence of research but insufficient engagement with recommended texts or equivalents to warrant higher marks. Questionable credibility for a number of sources used.

Satisfactory knowledge and understanding demonstrated. Experience economy mentioned incorrectly throughout report.

Largely descriptive with no real analysis and presentation of arguments from contrasting perspectives.

Well referenced and structured.

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PAGE 6

QM

Good point

Good point



Good point

Good point



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spelling

Additional Comment

Experience Economy



Good analysis

Good analysis



Good point

Good point



Comment 1

The negative impacts need to be presented also



Unreliable source

Whilst this is quite useful for a general knowledge of the subject, it's not a credible source to reference.

Additional Comment Is this a credible source?



Unreliable source

Whilst this is quite useful for a general knowledge of the subject, it's not a credible source to reference.

QM

Unreliable source

Whilst this is quite useful for a general knowledge of the subject, it's not a credible source to reference.

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