

14.4 How businesses respond to consumer demand

Today's consumers are changing their preferences at an ever increasing rate. The internet age of smartphones and social media has allowed consumers to learn more about how their consumption affects their health as well as the world around them. This means that many of today's consumers look at more than just the price and basic features of a product. Successful businesses are those that produce goods and services that suit the changing needs of their customers. Businesses that fail to update their range of products find it difficult to remain competitive.

Health-conscious consumers

Consumers in wealthier nations such as Australia have become increasingly conscious about the effects of their consumption on their physical health in recent decades. Many people have made healthy lifestyle choices that see them being more physically active. As a result, the demand for health and fitness

services around the country has boomed in recent decades with new gyms popping up on every corner. This trend has also seen a decline in the popularity of unhealthy fast food options. Businesses have tried to respond by offering new healthy options in their product range and even changing their image through advertising.



Source 1 Many fast food chains such as McDonald's now offer healthier options in response to consumer demand.

Environmentally friendly consumers

In recent years, people have become better informed about the devastating effects that human consumption is having on the environment and its impact on our lives in the future. As a result, many consumers are switching to more environmentally friendly products. Many businesses have responded to this by using environmentally friendly materials and production methods. While this can be more costly to begin with, it helps the business build a positive reputation and attract more customers. On the other hand, businesses that harm the environment are seeing their reputations suffer as social media and the Internet spread word of their irresponsible practices.



Source 2 Comedian, actor and political activist Russell Brandt is one of a growing movement of people who are adopting a vegan diet without animal products. Many vegans have chosen to make a stand against the cruelty to animals and damage to the environment caused by the consumption of animal products such as meat and dairy.

Socially responsible consumers

In the past, most consumers simply purchased the products that offered the best value for money. This resulted in many large businesses seeking the cheapest possible production around the world, often exploiting the people and environment of

poorer nations. By keeping their costs down, they could offer cheaper products to consumers while still making a profit. Thankfully, there has been an increase in consumer awareness about the way in which products are produced. Many consumers today prefer to purchase the guilt-free option that does not exploit other people. Businesses today go to great lengths to get certification that supports the claim that they are treating the people involved in their production fairly.



Source 3 Products with a Fairtrade certificate on their packaging give consumers more assurance that workers and suppliers are being treated fairly.

Global business and consumer demand

In recent decades, advances in technology and the removal of trade barriers between nations have allowed businesses from all over the world to compete in the Australian marketplace. Today, many of the goods and services we consume are **imports** from other nations. The world leaders in business keep a close eye on marketplaces around the world and are quick to offer products that cater for changing consumer tastes in nations such as Australia.



Source 4 China is Australia's largest trading partner, accounting for 23.7% of Australia's overall imports in 2015.

Check your learning 14.4

Remember and understand

- 1 How do you think the internet, smartphones and social media might help consumers become informed about the effects of their consumption?
- 2 Briefly explain one change in consumer preferences that has taken place in recent years.
- 3 What are imports?

Apply and analyse

- 4 Identify three products that you think would have become less popular as a result of consumers becoming more health-conscious, and explain why.

- 5 Identify three products that you think would have become more popular as a result of consumers becoming more socially responsible and environmentally friendly, and explain why.

Evaluate and create

- 6 Use the Internet to research brands and products that are environmentally friendly or socially responsible. Construct a poster briefly explaining how each of these products or brands is environmentally friendly or socially responsible.