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CONSUMER DECISIONS IN RETAIL STORES

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***Abstract:** Customer relationships are built at different levels when selling goods and services, and managing them in terms of trade can be viewed as a complex dynamic and psychological function of any trade organization. This can be seen not only as an element of any organization's management, regardless of its purpose, but also as a process of two parties' declaration of intention regarding an object in which both parties are interested, but with a radically opposite view – the buyer is interested in a lower price, and the seller in the highest possible price. In this sense, sales are a relationship with customers in the exchange of goods or services. The purpose of this paper is to present the types of consumer decisions, the ranking of individual stores in the retail network and to outline the prospects of their development.*

***Keywords:** consumer solutions, personal use, user behavior, business network, business premises*

1. Structure of consumer decisions

The market situation influences the purchase decision-making process and involves the following types of situational impacts:

- purpose of the purchase – it is believed to be the main reason for involvement in the process, namely whether a gift or a product for personal use is sought;
- social and physical environment;
- time effects, i.e. at what time of day a purchase decision is made;
- the initial state of the individual, expressed in mood, availability of money, disposition.

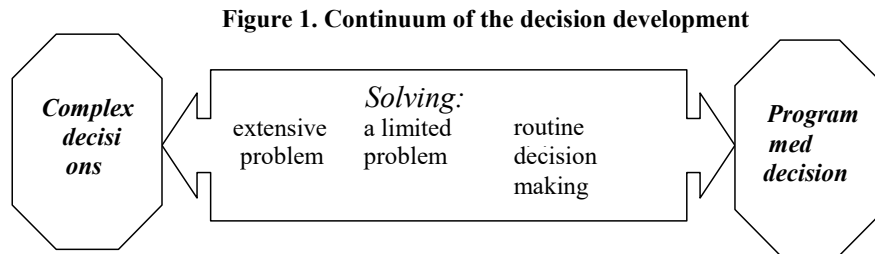
When studying consumer behavior, the aim is to define each stage of the purchase decision process. Consumer decisions can be classified according to:

- level of involvement – low-involvement and high-involvement;
- timing – planned and unplanned;
- brand loyalty – loyal and disloyal;

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- high-involvement impulse – factors that promote this impulse, such as presentation, price, special offer are taken into account;
- low-involvement impulse;
- limited and daily involvement;
- looking for diversity, expressed in trying something different, planning the product category and impulsivity of the final decision regarding the brand.

Depending on the nature of the decision-making process, consumers' decisions are: programmed in low involvement and complex in high involvement. They represent the two opposite ends of the so-called continuum (see Figure 1). When moving to the right, the decision-making process varies from solving an extensive problem to solving a limited problem and to routine decision-making.



Therefore, the decision-making stages are:

- routine decision-making or habitual decision-making;
- solving a limited problem or limited decision-making;
- solving an extensive problem or expanded decision-making.

The decisions that consumers have to make in case of a difficult problem are complex decisions. When buying expensive products, this problem is called extensive decision-making, which involves an intellectual load. Consumers learn through searching information on trademarks in advertisements, catalogues, from friends and relatives.

Involvement is a temporary state of the individual, which is defined as the level of interest to which the purchasing process is directed depending on the need. In general, involvement in the purchase is not involvement in the product. If an individual is involved in a product, he/she may have a low-involvement level in the purchase due to a brand loyalty.

There is a certain dependence between the level of involvement in the purchase and the degree of decision-making (see Figure 2).

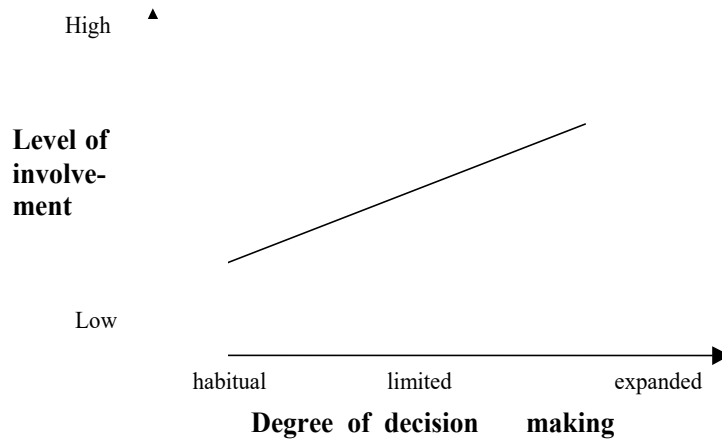
The higher degree suggests expanded decision-making.

Complex decisions are made in high-risk purchases, i.e. in those accompanied by a large economic, psychological and representative risk. The economic risk depends on the price of the product, related to the consumer's disposable income. However, cheap goods may be economically important for low-income individuals. The psychological importance is related to the social consequences of using the product (i.e. its social value) and personal relevance for the consumer. Purchases of high-ticket fashion clothes usually involve a psychological risk. The representative risk for a product is related to the consequences of

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buying a faulty product (e.g. buying an electric blanket – in case of malfunction or damage, the consequences of its use can be serious).

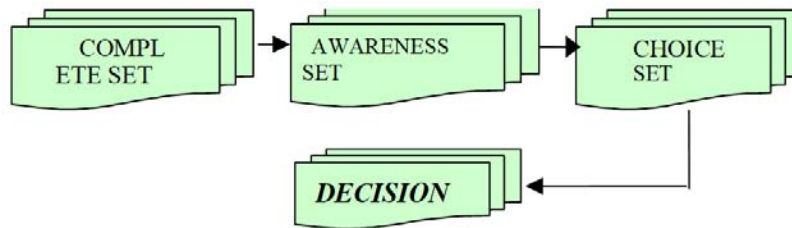
Figure 2. Dependence between the level of involvement and the degree of decision



For complex decisions, several brands are included in the assessed group and many criteria are used in assessing them. Depending on consumer awareness, brands are grouped into three sets (Stoyanov, 2001, p. 144) (see Figure 3):

- a complete set of affordable brands;
- an awareness set made up of familiar brands;
- a choice set – brands that meet consumers' criteria.

Figure 3. Sequence of the sets of brands in the purchase decision-making process



2. The role of stores in the retail network

A sale can be defined as professional communication with customers by the marketing department of the company for the purpose of exchanging and delivering benefits to both parties. That is why personal sales are in the focus of sales management (Ingram, 2009, p. 4). We can summarize that a sale is:

- *an exchange of goods and services with mutual benefit to the seller and buyer, forming the business income of companies;*

- *a main function of the company and an object of management together with the supply, production of goods and/or services and financing* (Dimitrova et. al., 2011, p.12);
- *a business management concept.*

Viewing purchase and sale, as part of the commercial function of a company, proves that there is an agreement for exchange between two parties and a commercial transaction has been made.

Retail network today offers a higher level of service in line with the requirements of consumers and improving their standard of living. Due to the fact that there are many criteria for the classification of retail outlets in practice, the physical and mobile retail networks are the ones “that best demonstrate their diversity and reflect the trends in the development of the forms of trade” (Midova et. al, 2013, p. 134).

Mobile retail network can be a field of action for network marketing. “Network marketing is becoming more and more popular in today’s market relations. It is an interesting approach to product realization, where companies operate with a specific marketing mix” (Stefanov, 2017, p. 354). Physical retail network includes stores, kiosks, stalls, etc. **Stores** are fundamental with the following advantages:

- They offer a wide range of goods to customers and have halls and warehouses.
- “They provide more favorable and comfortable conditions and a pleasant environment for servicing customers” (Salova, 2010, p. 127).
- They record high efficiency in the use of labor resources, fixed and working capital.
- They provide good working conditions for their staff.

A major drawback is the lack of flexibility and maneuverability in locating the stores near their customers.

All the above mentioned advantages rank stores first among other retail outlets. This importance is also related to the culture of the retail service on the one hand, and on the other – to the creation of modern forms of retail service organization. The classification of the main types of stores in the retail network is presented in Figure 4. Stores, such as combined, complex, retail chains, shopping centers, malls, etc. are increasingly becoming popular in our country. Their development is mainly due to foreign investors or private entrepreneurship.

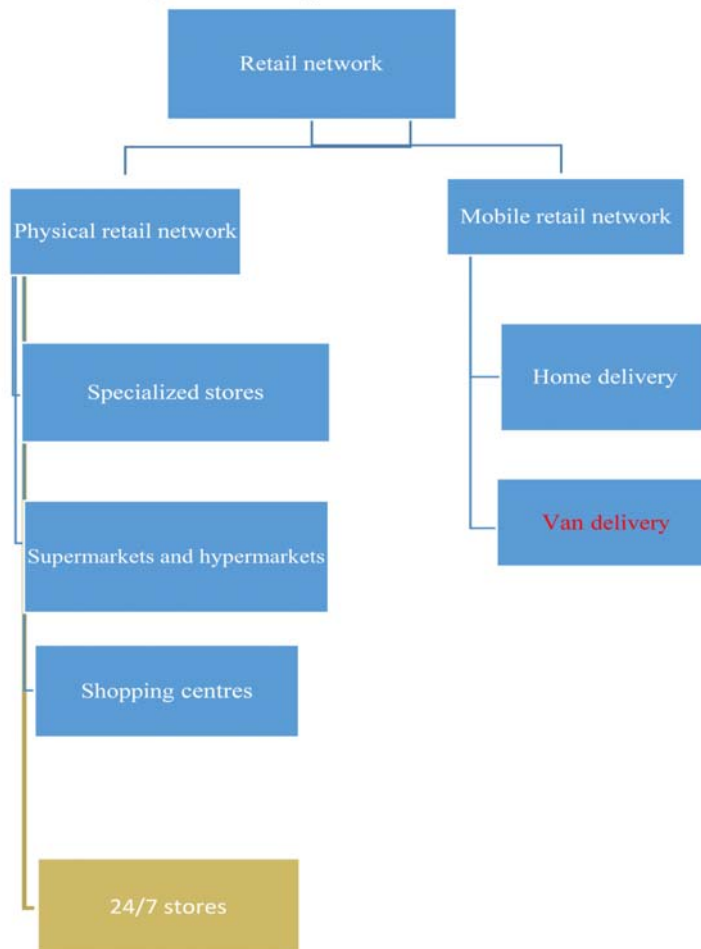
Retail network specialization is “a form of division of labor between individual retail outlets by directing their activity to trading with separate groups or subgroups of goods, ... aiming at better consumer demand satisfaction, high quality of services and high efficiency” (Salova, 2010, p. 127). As a result of this process, central city shopping centers in major cities, district and micro-district shopping centers are successfully developing. The level of specialization of the retail network is determined by the following indicators: commodity turnover, retail outlets, retail space and retail workers. Each of them has their place in studying the level of specialization of the retail network. In recent years, the following has been reported:

- First, there is a growth of combined grocery stores (Billa, Piccadilly, CBA, etc.).
- Second, retail outlets of the non-grocery type have a leading role (Technomarket, Technopolis, Zora).

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- Third, commercial centers, as well as malls in Sofia, Pleven, Varna, Bourgas, Stara Zagora and other cities are of vital importance.
- Fourth, shopping facilities such as grocery hypermarkets (Metro) and non-grocery hypermarkets, such as Praktiker and Mr Bricolage.
- Fifth, retail outlets that carry out commercial activities based on franchise contracts (McDonald's, Happy etc.).
- Sixth, discount stores, i.e. stores selling goods at low prices (Kaufland, Lidl).

Figure 4. Main types of stores in the retail network



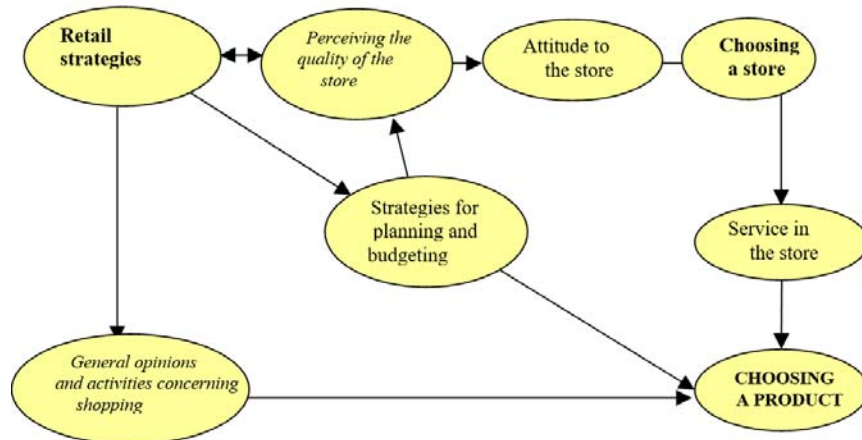
Source: Adapted after: Kovacheva, V. Organizatsiya i operativno upravlenie na targoviyata. ForKom, S., 1998, p. 71; Salova, N. Targovski menidzhmant. Nauka i iekonomika, IU – Varna, 2010, p. 127.

Most of the shopping is done for personal motives, and some of it for social motives. The consumer participates in this process, which achieves:

- *Playing a role* – shopping is a learned behavior and is a part of a person’s position or role.
- *Entertainment* – it comes as a counteraction to the routine of everyday life and is a form of rest.
- *Self-satisfaction* – shopping can be motivated not by the expected benefit of consumption, but by the very process of buying. That is why both emotional state and mood can explain the reason for shopping.
- *Learning about new trends* – the information provided reflects new attitudes and lifestyles.
- *Physical activity* – physical actions become significantly more frequent.
- *Stimulating the senses* – the sensory benefits are expressed in watching, listening to sounds, breathing fragrances.
- *Out-of-home social communication* – opportunities to make new friends, meet friends, or watch people.
- *Communicating with people having similar interests* – the interaction is often between a seller and a consumer.
- *Attracting a group* – certain stores provide a place for group members to gather.
- *More stable status and more power* – shopping can bring a sense of status when the consumer is served well.
- *Pleasure and making deals* – when buying at low prices or negotiating, as well as visiting special sales, satisfaction is very strong and enjoyable.

The choice of a store depends on its location in the settlement and on its quality. Depending on the type of the store, for example, universal, grocery, its quality is different. The design, the welcome greeting, the width of the aisles, the air-conditioning and the atmosphere itself add to the image of the store. Other factors that affect the choice of a store are: the way the goods are displayed, their quality, price, guarantees, and customer courtesy. The effects of choosing a store can be presented graphically in Figure 5.

Figure 5 Sequence of effects in choosing a store



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Window displays are part of the shop's advertising activities. The goals pursued are:

First, attracting the attention of consumers.

Second, awakening the interest or curiosity about the displayed product.

Third, the emergence of a desire for possession.

Fourth, purchasing, an action by the consumer.

The shop window occupies a certain position regarding the flows of people passing by the store, and, from this point of view, we distinguish between a close flow, covering the people passing in front of the store; an average flow – the passengers in the vehicles, and a distant flow – those passing along the opposite sidewalk. The design depends on the offered goods, which must be combined with text and decoration. It is recommended that the shop window periodically presents to consumers different types of artistic design. A decisive factor for its attractiveness is lighting. It may be general, that is, the light is scattered and penetrating everywhere, and spectacular, where the forms are two – dimming and flashing lights from different sources.

The model of attractiveness of stores is determined by two criteria – the image and the location and size of the store, and can be presented as follows (Hawkins, 1992. P. 527):

$$MS_i = \frac{\frac{S_i}{T_i^\lambda}}{\sum_{i=1}^n \frac{S_i}{T_i^\lambda}}$$

where:

MS_i – market share of i -store;

S_i – size of the store;

T_i – travel time to the i -store;

λ – attractiveness of the respective commodity group.

Using the model is important in determining the place of purchase of goods, as well as in predicting the market share of competing market districts. Satisfying emerging needs is not the only reason for buying a product. The gained experience, the emergence of certain feelings, social contacts and purchases during a previous period are essential for consumption (Tonkova, 2000, p. 38). Consumer orientation is related to the style and way of life, and in terms of the impact of these factors, it can be classified as:

- **The 'I' Generation.** Individuality in making purchase decisions is more acceptable. Luxury goods are sought. Nutrition issues are important when buying food. The sales of health and beauty products are increasing.
- **Voluntary modesty.** Products for environmental protection are sought. Consumer interest focuses on quality, endurance and simplicity. The 'do-it-yourself' projects are expanding. Sales of insulating materials and energy storage products are increasing.
- **The role of gender.** Goods and services that can be used together are sought.

Advertising showing the pair characteristics predominates. Shopping conditions are favorable.

- **Shortage of time.** Sales by mail, telephone and Internet, as well as of labor-saving devices, are increasing. Famous brands make shopping easier.
- **Lifestyle components.** Manufacturers need to understand the situations in which consumers follow a different lifestyle. It is essential to study consumer motives.

Developing a marketing concept is inextricably linked to the consumer orientations of each social group for the specific good. With income growth, preferences focus on products of high quality and durability. In today's competitive environment, customer relationships are of paramount importance to a company's success. High-quality service and customer satisfaction are closely related to profit, cost, and market share. Zenor (1994, p. 202-213) argues that traders can increase their own profitability by maintaining prices that in turn ensure *brand equity revenue growth in a product category*. This is achieved by setting prices that maximize total profitability from all brands in one product line. A commodity assortment is available in the retail network with prices that include a set of additional services reducing the potential costs (not only in value) of consumers. Specialists define retail assortment as an *obvious product* and commercial service – as *hidden products*. The latter are associated with:

- *Spatial design* – it determines the level of consumer's physical costs resulting from the features of the store (heating, air-conditioning, natural lighting, internal signage, music, commercial equipment, shopping carts, freezers and cooling showcases, convenience and store plan).
- *Accessibility and localization.* It affects the consumers' direct time costs (travel and in-store shopping) and transport costs (money for transport to and from the retail store).
- *Quick service in supplying a product in the desired form, location and time.* Servicing reduces the cost of: waiting time; finding the product and storage costs. In many retail outlets, additional services (home delivery, telephone purchase, client or credit card, cloakroom) are provided to reduce these costs.
- *Level of information dissemination.* Consumers typically need and search for information in terms of prices, product availability, and retailer services (Betancourt, 1988 p. 19). It is therefore necessary to use advertising, promotional materials and directories in the respective retail outlets.

3. Conclusion

In the age of mixing products and services, multiple competitive alternatives, saturation with information, and market globalization, the companies' main weapon in their competitive struggle will be the ability to build close relationships with their customers and potential consumers. Specific consumer behavior varies for products and is different on the individual target markets. In the respective parts of the world, reactions are not the same for the same product, but there are common behavioral principles that apply in the process of purchase. Consumers are rational people who know all the facts and logically compare their choices according to costs and received value. Maximum satisfaction is achieved by spending less time and money. Careful planning of the purchase can make it quick and convenient.

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ODLUKE POTROŠAČA U MALOPRODAJNIM TRŽIŠTIMA

Rezime: Odnosi sa kupcima izgrađuju se na različitim nivoima kada se prodaju roba i usluge, a upravljanje njima u smislu trgovine može se posmatrati kao složena dinamička i psihološka funkcija bilo koje trgovačke organizacije. Ovo se može posmatrati ne samo kao element upravljanja bilo koje organizacije, bez obzira na svrhu, već i kao proces deklaracije dve strane o namerama koje imaju, u vezi sa predmetom interesovanja obe strane, ali s radikalno suprotnim pogledom - kupac je zainteresovan za nižu cenu, a prodavac za najvišu moguću cenu. U tom smislu, prodaja je odnos sa kupcima u razmeni roba ili usluga. Cilj ovog rada je predstavljanje tipova potrošačkih odluka, rangiranje pojedinačnih prodavnica u maloprodajnoj mreži i prikazivanje izgleda njihovog razvoja.

Ključne reči: potrošačka rešenja, lična upotreba, ponašanje korisnika, poslovna mreža, poslovne prostorije