ANNALS OF THE FACULTY OF ENGINEERING HUNEDOARA
2004, Tome II, Fascicole 3

CHARACTERISTICS OF CONSUMPTION PREFERENCES IN ROMANIA

Gabriela POPESCU

U.S.A.M.V.B. TIMISOARA,
FACULTATEA DE MANAGEMENT AGRICOL

ABSTRACT:

The economy liberalization drew among others to population differentiation by income, education, culture and segmentation of consumption. Thus, there is a positive evolution of consumption which implies a timid but certain progress of consumption models in Romania. Still, domestic consumption is situated below the one of the states from CEE.

Lately, the most dynamic market is the one of alimentary products as the market of drinks (water, coffee, beer, soft drinks). Among non-alimentary products we can remind products for personal use: detergents, soap, etc.

KEY WORDS:
consumption, market research, consumer

INTRODUCTION

A good deal of the consumer good market segments (FMCG) have increased In the past years, and this is probably a long-term tendency, given the perspectives of economic growth in the following years.

Consumption behaviours in Romania are still young; they are not outlined yet, as they are influenced by economic development, buying power and social class consolidation. Up to now, several consumption patterns have established their characteristics: income level, education, age, residence, family structure, culture etc.

Consumption behaviour shaping is carried out with the help of marketing research and market studies: investigating consumption and buying behaviour, the image of a brand or product, the impact of an advertising campaign, the prestige of the brands, the way they are used, and the consumers' perceptions and opinions. In order to achieve these objectives, both quantitative and qualitative studies are performed.

THE METHODS OF QUANTITATIVE STUDIES

The specific methods of quantitative studies are various face-to-face, Hall Test and phone interviews (CATI), mystery shopping, interviews in stores etc.

Qualitative research aims at understanding market behaviour. While the results of a quantitative research reveal the fact that 50% of consumers buy a certain product, qualitative research determines them to choose that product instead of another one. In other words, qualitative research goes deep down in the human behaviour in search of reasons and explanations that the buyer may not even be aware of sometimes. The causes for which categories of potential clients do not purchase a certain product can be discovered. It is not always the exaggerated price, but the faulty image of the product itself, the lack of information about its existence on the market or the wrong distribution system. Besides statistical data, the most frequent methodologies that allow investigations are group talks (focus groups) and the individual interviews. Market research is a rather costly field, but useful for the companies that want to adjust their managerial policy. As a rule, more receptive to valuable information are the foreign companies that have the money to acquire it.

Recently, the Romanian companies have become very creative thanks to their young employees who put a certain pressure on those who hold the decision power.

The most important companies that perform market studies are Daedalus Consulting, GfK Romania – Market Research Institute, International Marketing Research & Communication Group (IMR&C Group), MEMRB RTS Romania, Roland Berger Strategy Consultants etc.

RESULTS AND DISCUSSIONS

In January this year Daedalus Consulting performed a market study about the Romanians' habit of purchasing consumer goods. The research was performed on a sample of 994 subjects representative for people between 18 and 65 years of age living in urban areas. The results were compared with those of a similar study that was developed in March 2002. According to them, most buyers purchase only the bare necessities, i.e. small quantities of products that cover their current necessities. This behaviour characterises the acquisition of both foodstuffs (71.6%) and non-edible goods (69.8%) like housecleaning, cosmetics or personal care. The result: higher expenses and huge waste of time because of the frequent shopping trips. However, it has been established that this so-called "economical" behaviour, though prevailing, has become less frequent than two years ago. The percentage of those who buy larger quantities of food products has increased from 22,8%, in March 2002 to 27.8%, in January 2004. As for the non-edibles, the increase was of 6.9% in the same time interval. Generally the percentage of those who buy larger quantitites of consumer goods is directly proportional with their education and the income per family. Also passing from smaller to larger quantities is even more obvious among Bucharest's population, mainly thanks to the larger number of hypermarket and cash & carry shops opened in the capital (Metro, Carrefour, Cora, Selgros etc.), that favour this buying behaviour. So the results of the study show that at present, about 39% of Bucharest's inhabitants do long-term shopping as compared to the national average of 27.8% for food products and 29.9% or non-edibles. As for the diverse range of purchased items, 62.6% of people living in towns and cities buy one to nine products only. The share of those who buy an average range – 10 - 19 products – decreases to 30.3%. Only 7.1% of the respondents said they buy 20 or more different products. In March 2002, the percentage of the buyers who acquired an average range of goods was much lower than that registered at the beginning of this year: 22.9% - 5,1%. Again, this buying behaviour (average and large ranges) is frequent with higher education and income people. On analysing the results according to age groups, it can be seen that young people between 18 and 24 are most inclined to purchase 10 - 19 products at one shopping trip. The minors play an important part in product buying and influencing the brand to be purchased.

The image of the housewife as the sole buyer of consumer goods seems to be fading even in the case of ranges that she has traditionally bought. Daedalus Consulting has developed a recent study about the way in which the decisional roles are distributed in a family for the acquisition of various goods categories. The results indicate interesting trends of family "modernisation", i. e. decision making is more clearly divided among family members even for such common products as foodstuffs. Consequently, if in the case of coffee and vitamins housewives are still the main buyers, their percentage decreases to 52.5% for sweets and 52.7% for soft drinks.

As for the husband's role, it is dominant in alcoholic drink acquisition (86.7%) but very small in sweets (15.3%), vitamins (15.5%) and fruit yoghurt (12,8%).

In families with children, their decision is very important in buying products whose first beneficiaries are themselves. In 41.8% of the households with children younger than 14, they are the main customers of sweets shops. Smaller but significant percentages are registered in the case of fruit yoghurt (26.3%) or soft drinks (18.9%).

In households with children between 14 and 18, the role they play is very significant for buying sweets (58.6%), fruit yoghurt (43.2%) and soft drinks (41.3%) and relatively significant for other goods (vitamins – 17.9%). Children over 18 who still live with their parents are the main soft drinks (49.3%), fruit yoghurt (46.0%) and sweets (44.6%) buyers.

As far as the influence on the brand to be bought is concerned, the children play an increased role especially in the case of products that address them directly.

Grandparents' influence on brand choosing is insignificant for these products, but substantial in other cases like alcoholic drinks (28.5%), vitamins (27.6%) and coffee (23.8%). The husband decides only when it comes to choosing alcoholic drink brands (94.1%) and sometimes coffee (38.1%).

The decision upon the brand to be bought is a complex process that involves several family members. This phenomenon makes target market definition more and more difficult for producers and advertising agencies in their attempt to optimise communication towards consumers.

Regarding the regional differences, the women from Transylvania make most decisions upon food products and drinks. Unlike the families in larger and average-sized towns, wives play a more important part in shopping activities. The income is not decisive as far as family structure is concerned for those who buy and influence the brand to be bought.

Consequently, a great deal of the decision power that the housewife has lost goes not to the husband, but to her husband, but to her children. The tendency of increasing the children's and young people's roles in the decision-making process correlates with what is going on on the world scale and especially in the countries with developed market economies. However, income remains the factor with the strongest impact upon acquisition and consumption. Education comes second.

As income increases, people tend to save shopping time. Thus the buying and consumption behaviour takes after its Western counterpart: buying larger and larger quantities for longer periods and a wide range of products during a single shopping trip. The time saved will be used for other activities.

The rural/urban market segmentation has revealed that villagers and townspeople share the same buying behaviour.

For some years now, Romania has been going through the so-called re-ruralisation phenomenon that has had no significance for numerous traders and goods and service producers. The sales potential of the rural market has not been used enough by the service providers who in the last 12 years goods and service providers because the rural inhabitants have less education and small incomes. Few of them have taken into account the fact that part of the urban population has come back to villages mainly thanks to the private land ownership. (Law 18/1991). Besides those who have already settled in the rural area, there are other people who practise "week-end agriculture" and who cannot give up their consumption habits they formed in the city or town they lived in. Following the ruralisation process, the active population weight has increased in villages, the houses are equipped with modern household equipment and the consumption of consumer goods ad mass-media has increased. Nevertheless, Romania still maintains big differences between the rural and the urban areas from the point of view of offer and advertising.

On the other hand, the above-mentioned studies have revealed new demographic currents: the townspeople tendency to move to the country is ascending, while the tendency among the rural population to migrate to urban areas is decreasing. If in 1991 only 26,000 townspeople had moved in villages, in 1998 their number grew three times.

Another tendency that the Mercury Research has studied is connected with those people who spend their holidays in Maramures, Bucovina, Rucar-Bran, The Apuseni or the Semenic Mountains. They bring their own life style and comfort

Regarding the product selection modality, it has to be said that price is one of the fundamental criteria to be met. Although 24% of the population still uses home-made soap Fa, Palmolive and Lux have a prestige degree varyng between 34% and 47% (while 45% - 65% in urban areas the young people between 18 and 35 de ani si 80% din persoanele care who live in the country use a branded tooth paste, Colgate and Blend-a-Med. The shower gel is used only 11% in the rural area (as compared to 31% in the urban area), and the most appreciated brands are Fa, Lux, Palmolive and Dove; their prestige varies between 4-16%. For an accurate image of the rural area and its potential, it must be specified that 6% of the inhabitants have a life insurance, 4% of the households have a computer, 3% have Internet access, 5% have a mobile phone, 15% went on holiday (6% went to the seaside, while other 6% preferred the mountains).

Marketing research specialists have revealed numberless mutations in consumers' behaviour. These mutations have evolved in two main directions. On the one hand, as shown before, most consumers have given up buying expensive products and turned to cheaper ones. Others have reduced their shopping frequency or the quantities they have bought so far so as to match their income, which allows them to keep buying the same quality class products. On the other hand, it is not uncommon to see people who show their state-of-the-art cell phones just to gain or maintain their social prestige, while they buy or use cheap toothpastes whose origin is not made public.

Therefore we cannot speak about a decrease in consumption, in absolute terms, for all consumers and products. We could suppose, for instance, that a household that bought "medium" class products in the past has to make a negative adjustment in foodstuff buying in the present. The family can buy: medium" class food products for the children and "economic" products for the grown-ups (parents and grandparents), and the consumption will remain almost the same.

The same applies to the buying behaviour: because of high prices and insufficient incomes, consumers turn to shops that sell for smaller prices; the actual decrease in consumption is not so obvious, but the efforts of finding cheap products are substantial.

Such a statement is based on the success of the larger sales surfaces (wholesale shops, cash & carry, supermarkets) that are preferred even by small-budget consumers who arrive there by means of public transport. Naturally what they buy and how much they buy is very different in their case as compared to the consumers who arrive in such places in luxurious cars.

The studies performed in the field and on various product categories have established that the strong brands have faithful consumers even if their income decreases Therefore the Romanians have the obvious tendency to buy brands. Given the present circumstances, it goes without saying the every percentage lost in favour of non-brands will be 10 times harder to take back in the future.

CONCLUSIONS

Consumers with small income apply a large number of strategies to avoid high prices:

- They buy products at the outskirts of the city and pay 5-10% less than in the downtown area.
- They buy smaller quantities (small-sized packaging) for their immediate needs. This falsely economic behaviour is actually an additional expense on a longer time period.
- Even if they have to take public means of transport, they are ready to buy from wholesale shops and supermarkets, as they increase their chances to find a wider range of goods at differentiated prices. At the same time, the can taker advantage of various promotions.
- They choose to buy mineral water in recyclable bottles, as it is 50% cheaper than that in plastic recipients.
- They buy their basic food products from their friends in the rural areas.
- They give pre-packed goods (tomato juice, ketchup, yoghurt, cheese etc.) and replace them with home cooked food.
- They buy cheaper oil ad cook in fat more and more often.

As far as the location of the places that sell consumer goods is concerned, in the past two years the hypermarkets and cash& carry have developed. Judging from the point of view of income and education, the market is segmented as follows: people with little education and smaller incomes prefer food stores, while the hypermarkets and the cash & carry are looked for by people with high income and education. Thanks to the fact that in Romania the modern trade forms - supermarket, hypermarket, hard discount do not owe more than 12% of the population's expenses for consumer goods, the potential of this market is huge and the major actors of the field are to attract huge investments in the future. The battle will be won by those who move faster on the market, but the true winner will be the buyer.

As a conclusion, it should be said that the consumption and consumer characteristics are useful as they provide producers and importers with a useful instrument for planning their future products and actions Also it is necessary to collect information in order to build the first Romanian typology regarding lifestyles and values shared the Romanian consumers.

BIBLIOGRAPHY:

1. ZAMFIR, C., POSTILL, K., STAN RUXANDRA – Economia informală în România, Ed. PNUD Bucureşti, 2001.
2. www.mediafax.ro
3. www.gfkromania.ro
4. www.daedalus.ro