



Paper Code : M15 – 113

## **Identifying the Impact of Consumer Behavior on Food Sales in the Slovak Republic**

**Alica Lacková – Marta Karkalíková**

*Department of Commodity Science and Product Quality, Faculty of Commerce, University of Economics in Bratislava*

*alica.lackova@euba.sk, marta.karkalikova@euba.sk*

### **Abstract**

*The paper is focused on researching and identifying consumer behavior on the Slovak food market and determining its impact on retail sales. Consumer preferences for products and services are constantly changing and marketing managers must therefore strive to understand their desire to subsequently create a marketing mix for a well-defined market. The basic element of a well-designed marketing orientation is building of sustainable relationships with customers. If businesses want to succeed in competitive struggle, it is important for them to constantly acquire the knowledge in the consumer sphere. Customer satisfaction brings benefits not only to the consumer but also to the business. Shopping behavior is interdisciplinary and is based on conceptions and theories about people that have been created by researchers in so many different fields as psychology, sociology, social psychology, cultural anthropology, and economics. Consumer behavior research helps retailers not only understand but also predict consumer behavior on the market, not just what they buy, but also why, where, how, and how often. It provides them with points of reference for improving or introducing products and services, pricing, designing distribution channels, creating reports, and developing other marketing activities and so they affect purchasing behavior and their subsequent impact on sales organization.*

### **Introduction**

Consumer behavior is currently the subject of why people buy specific products and brands, as it is easier to develop strategies to influence consumers if marketers know the reasons for their shopping. Recently, researchers and practitioners are focusing on consumer analyzes that point to why and how people use products, while also providing insight into what they buy and how they buy (Blackwell, Miniard & Engel, 2006).

Consumer behavior is dynamic, as the thinking, emotions and behavior of individual consumers, target consumer groups and the entire society are constantly changing (Richterová et al., 2015).

Under the broader concept of consumer behavior, we understand the mental and social processes that are taking place before purchase (awareness, needs, position creation, information gathering, alternatives evaluation, product selection, branding, or



shop) during purchase (situational factors affecting purchasing), after purchase (ponderous utility, dissonance, consumption transfer).

For a successful mission, marketers need to understand what consumer products and brands are all about - what consumers have to do to make purchases, buying, buying decisions and consumption. Consumer behavior research is about how consumers decide to meet their needs, spend their money (money, time, and energy) on consumption. It's about exploring what consumers buy, why, how they shop, when, where, and how often they buy it.

There are three approaches to studying consumer behavior: the interpreting approach, the traditional and the approach of marketing science. The interpreting approach is fairly new, but its importance is on the rise. It is based on methods to deepen knowledge about consumption and its importance. The traditional approach is based on theories and methods of cognitive, social and behavioral psychology and sociology. The approach of marketing science is based on theory and methods of economics and statistics. It includes the design and testing of mathematical models, with the intention of anticipating the impact of marketing strategies on consumer choice and conduct.

The first step in the marketing strategy is market segmentation. After segmentation of the market into homogeneous groups, the seller must select one or more segments to be targeted. Next, you have to decide which marketing mix to use for each specified segment. The third step is to create a product's position so that consumers perceive it in each target segment in the sense that it meets their needs better than competing offers (Schiffman & Kanuk, 2004).

There is no single way of segmenting the market. To find the best way to capture the market structure traders must try different segmentation variable, whether alone or in combination. The main variables used in segmentation of consumer markets include: geographical, demographic, psychographic and behavioral variables (Kotler et al., 2007).

Geographic segments are relatively easy to define and measurable, and information is often freely available from public sources. This segmentation also has an operational advantage, especially in developing efficient distribution and customer contact systems. However, in a marketing-oriented organization this is not enough. There is a risk of over-focusing on geographic segmentation and creating assumptions about what consumers in the region may have in common. Even within a small geographic area, there are many different needs and desires that this segmentation method does not take into account. It is, however, possible to establish local marketing subsections as the best way to fully understand and serve different markets. It is important to note that an organization based solely on geographical segments is more vulnerable to more customer-oriented competition (Brassington & Pettitt, 2006).



Demographic variables are the most widespread basis for differentiating consumer groups. Demographic segmentation consists of market segmentation by demographic variables such as age, gender, family size, family cycle, income, occupation, education, religion, race, and nationality (Tyagi & Kumar, 2004).

Demographics enable the target market to be located, with psychological and socio-cultural characteristics helping to describe how its members think and perceive. Information obtained through demographic segmentation is often the most accessible and cost-effective way to determine the target market. This segmentation is usually used for most secondary data, including population aggregation data. These demographic variables point to continuing trends that signal business opportunities such as shifts in age, gender, and income distribution.

Like geographic variables, demographic variables are relatively easy to measure, easily defined and necessary information is often freely available from public sources. The main advantage, however, is that they often define a customer profile using criteria that can be incorporated into marketing strategies. The negative side is that demographics are descriptive and usable only on their own. It assumes that all people in the same demographic group have similar needs and desires, which may not necessarily be true. It is therefore best used for products that clearly represent a particular demographic group.

Psychological segmentation is linked to the intrinsic, basic and most important qualities of each consumer. Consumers can be, for example, based on motivation, personality, perception, learning and attitudes.

The psychographic segmentation divides buyers into groups by social class, lifestyle or character traits. People in the same demographic group can demonstrate significantly different psychographic characteristics.

Many companies prepare their products and services for specific social classes and add features that are attractive to them. The social class includes a hierarchy in which individuals in the same class generally have the same status, while members of other classes have a higher or lower rank. Research has shown that consumers differ in different social classes in terms of values, product preference, and shopping habits.

Interest in goods is also influenced by the lifestyle of the customer. On the contrary, the goods that customers buy express their lifestyle (Jarossová, 2018). Marketers are increasingly segmenting their markets according to consumers' lifestyle. Segments with different lifestyles can be identified through standardized agency methods or by customized methods of their own companies. Mostly, the company chooses for standardized methods, because knowing them and creating their own is costly and complicated. Psychographic segmentation also uses personality segmentation. Personality-based market segmentation strategies have been successful in products such as cosmetics, cigarettes, fuses, and the like.



Psychographic segmentation includes intangible variables such as the beliefs, attitudes and views of potential customers. It is assumed that defining a consumer's lifestyle allows the marketer to sell the product not based on superficial functionalities but on benefits that can be perceived as a supportive lifestyle at a much higher emotional level. The term lifestyle refers in the widest sense not only to demographic characteristics but also to attitudes towards life, belief, and desires.

Demographic and psychological variables may be irrelevant, or at best second, if the practical aspects of use are important to the customer.

In behavioral segmentations, buyers are grouped on the basis of their knowledge of the product, attitudes towards the product, its use, or the ability to respond to the product. Many marketers believe that behavioral variables - events, benefits, user status, utilization rate, loyalty status, buyer readiness stage, and attitude are the best starting points for the construction of marketing segments (Kotler & Keller, 2006).

Consumer markets can be divided into segments based on basic cultural values, membership in sub-culture, and belonging to cultures. This type of segmentation focuses on cultural differences and is particularly important in international marketing. It is important for the seller to understand the views, values and customs of the target country. Within larger groups, different subgroups are not associated with certain experiences, values and opinions.

There are many ways to segment the markets, but not all are effective. In order for segmentation to be useful, Kotler and Armstrong (2012) claim that the segment must be measurable, accessible, large enough, resolvable, and actionable.

## **Methods**

The aim of the paper is to identify the behavior of consumers on the Slovak food market and to determine its impact on retail sales. The basis for the drawing and subsequent use of the theoretical knowledge necessary for the examination of the above mentioned subject was the literary research and the follow-up study of literary sources, including both domestic and foreign (books and magazines), supplemented with current sources in electronic form.

A marketing survey conducted in October and November 2017 was realized to investigate consumer behavior affecting retail sales of food, and a standardized questionnaire. Survey consisted of seventeen (open and closed) questions and respondents' classification data. The opening questions of the questionnaire were aimed at finding out where retail chains are consumers buying food most often. The follow-up question was to find out what internal and external factors influencing respondents when deciding to make a purchase of food, and how retail stores respond to their buying behavior.



A total of 209 respondents participated in the survey, representing an 84% return on questionnaires (250 questionnaires were originally dispatched). The questionnaires were distributed electronically to individual respondents via emails in text format. The information obtained through questionnaire querying has subsequently been transformed into a form suitable for processing and interpreted through analytical and statistical methods. For this reason, the collected data was processed and subsequently evaluated using the Statgraphics statistical program, the Wilcoxon sign test, and the crosstalk tables. In the final part of the survey, the individual outputs were adjusted to the graphical, tabular and written interpretation of the answers to individual questions of the questionnaire.

## **Results**

### ***Analysis of the behavior of Slovak consumers when buying food from 2006 to 2016***

By analyzing the data from several consumer surveys conducted in Slovakia, trends in consumer behavior can be deduced from 2006 to 2016. It can be said that in 2006 there was a decline in the level of efforts in Slovakia for a healthy lifestyle. The rise of saturated wheel drinks instead of mineral table waters. At the same time, the popularity of milk and dairy products has fallen.

The Tesco chain introduced Tesco Organic in Slovakia in 2007 for organic food. Also this year, BIO and COOP Jednota have expanded their range of organic food, which has also begun to offer the Active Life brand, so-called healthy lifestyle products. The Slovak consumer has become aware that time is very rare and has gradually begun to move to supermarkets. Although in hypermarkets consumers were able to buy cheaper than in smaller business formats, it was a time-consuming visit to these hypermarkets at the edge of the city. That's why they have begun to make use of them for big weekly shopping. In 2008, Tesco decided to launch in Slovakia new store format, Tesco Expres. It was small convenience store on the big city quarters, closer to the consumer. Another reason for the emergence of these business formats was the fact that consumers wanted to buy every item in a specialized store (Horváthová, 2007).

Consumer behaviour in 2008 was changing with increasing environmental awareness. This has prompted the popularity of biocatering and the consumption of organic food. Individual surveys of Slovak agencies and business chains have suggested that demand for organic food has increased in Slovakia (Jarossová, 2016). The same year, a food survey with 275 shoppers in Bratislava was conducted. They had the choice of five criteria when choosing food choices: price, experience, Slovak origin product, look and brand. The respondents considered the most important criterion to be an experience, followed by a prize. As the third most important criterion, the respondents identified the Slovak origin of the product, followed by appearance and brand (Mališová, 2008).



New consumption strategies were introduced in 2009. Europeans, and among them the Slovaks, began to save on food, health care and leisure. Consumers reduced the structure of weekly and daily purchases and were more alert when choosing a food range. They bought cheaper products and stock offers, with rural consumers mainly using their own food sources. Consumers began to postpone planned purchases and split the goods into two groups, namely goods that the consumer must have and goods that would be enjoyable but not necessarily needed.

Although spending has been reduced in Slovakia, it has been shown that consumers maintain their standard and rather try to search for various stock products and buy it better (Žitňanský, 2009).

According to a survey conducted by Barometer in 2009, almost 40% of Slovaks surveyed are often buying organic food, while only 3% say they buy Fair Trade products (Folentová, 2010).

In 2010, consumer spending continued to decrease and expenditure on basic living needs increased. Consumers this year started buying more abroad, which also affected the fact that the euro was adopted in 2009 (Bilý, 2010). In shopping, the price was mainly for consumers. The distinction of buying Bratislava and rural people was mainly that Bratislava demanded good quality at an affordable price, and that rural people considered spending on basic food. The common feature was that consumers stopped purchasing food, the number of purchases increased, but their average value declined (Sedlák, 2010).

In 2011, unemployment started to affect consumer behavior, which was also visible in food purchases. There was still a trend of smaller and more frequent purchases with an average purchase every two days. Foods started to rise gradually and food prices were also expected to increase. Food sales began to decline in sales. This fact has caused a reduction in the volume of purchases but also a change in the range of purchased food. The Slovaks mainly restricted the purchase of better meat products. Traders began to respond to the situation by gradually starting to offer more affordable food under the brand name. They also started to use different stocks on selected types of food to attract the attention of consumers and to secure the purchase of other products other than those that were in decline (Sedlák, 2011).

In 2012, consumer behavior in the area of food sales in the Slovak Republic was significantly affected. There was also a rise in food prices, and consumers continued to look for equity stocks. There was still a growing interest in smaller and more frequent purchases. In larger numbers, Slovak consumers bought fruit and dairy products in comparison with previous years (Klánová, 2012).

In January 2014, prices of food and non-alcoholic beverages increased by 0.9% compared to the first month of 2013. The slowdown in food prices in recent months has been the development of agricultural commodity prices on stock exchanges. In January



2014, some agricultural commodities were tens of percent less expensive year-on-year. This was mostly related to commodities such as corn, barley, rape, Arabica coffee, and wheat. This trend persisted until 2016.

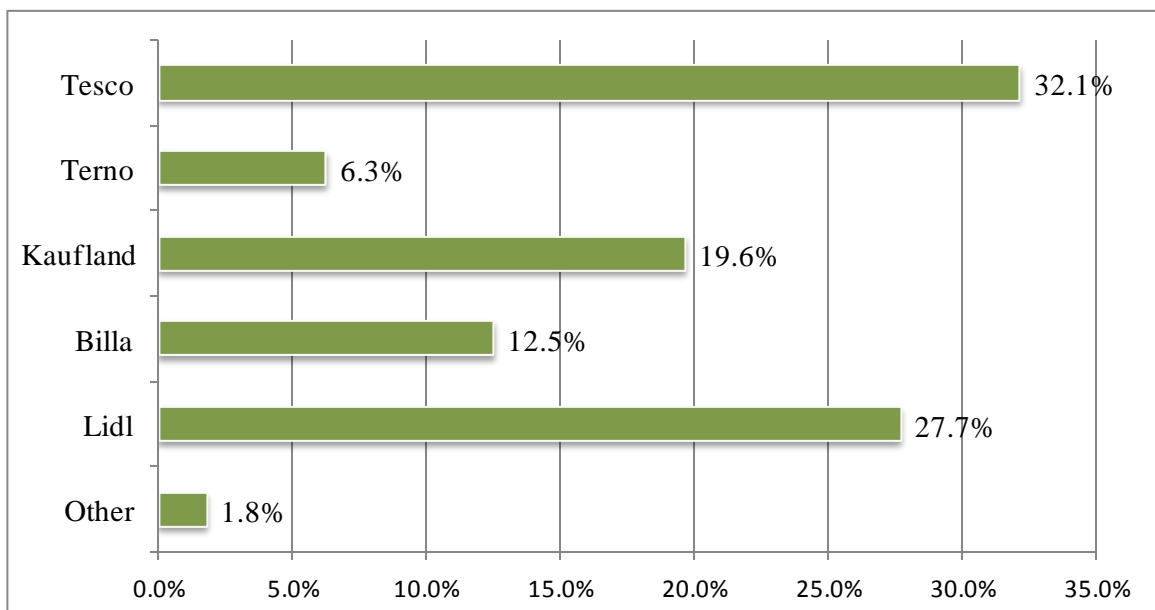
### **Results of the Consumer Survey conducted in 2017**

The consumer survey conducted in 2017 as part of our research was aimed at identifying consumer behavior on the Slovak food market and determining its impact on retail sales.

Regarding the classification of respondents, the following were found. Of the 209 respondents, 48% (i.e. 100) and 52% (i.e. 109) were female. In view of their age structure, the highest number of respondents was recorded in the age group "56 and over" (23%, which in total was 47 respondents). Regarding the region, the highest number of respondents was from the Prešov Region (15%, i.e. 31 respondents) and regarding the education highest number were graduated from secondary school (33%, 69 respondents). Nearly two-thirds of respondents reported their net monthly income in the 500 to 1000 EUR (63%, i.e. 132 respondents).

Through the questionnaire, we found out where respondents buy food most often. From Graph 1 we can see that most of the respondents 67 (32,1%) buy most of the food in the Tesco retail chain. The second retail chain, where consumers most often buy food, is Lidl's survey - 58 respondents (27,7%). Third place, 41 (19,6%), Kaufland was followed by Billa with a response rate of 26 (12,5%). At least 13 (6,3%) of respondents buy food at Terno. By alternative "another" 4 (1,8%) respondents said they were buying food at Delia chain.

**Graph 1 The most common purchases of food in retail chains**

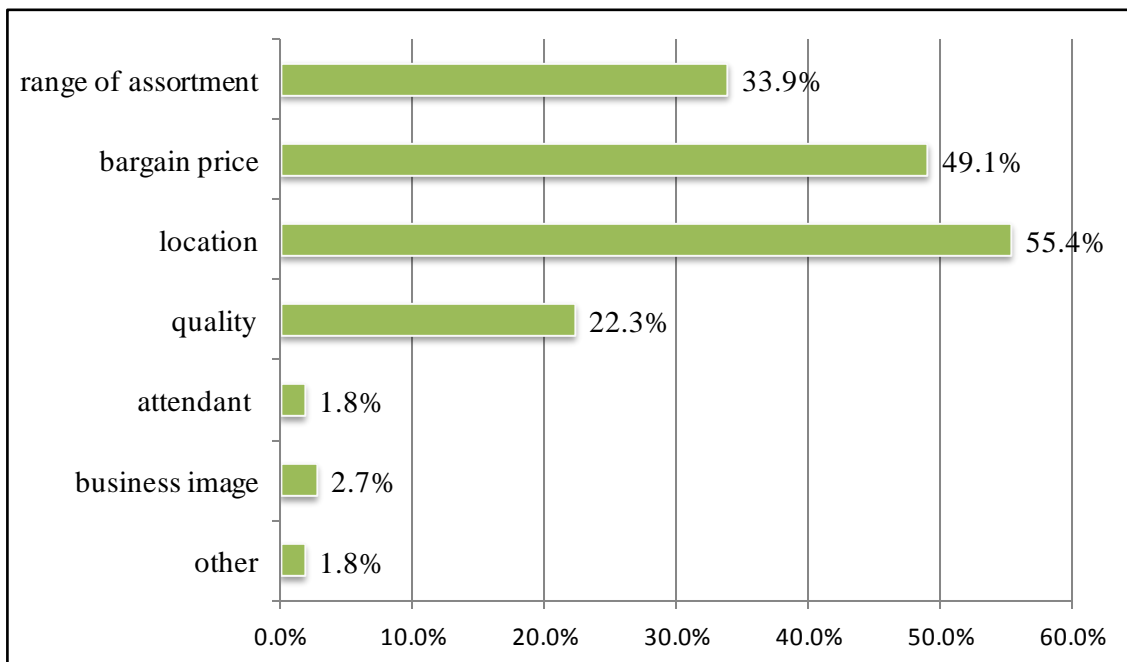


Source: Own study

We also investigated which factors affect respondents when deciding to buy food in mentioned retailing. There were six options to choose from: range of assortment, bargain price, location, quality, attendant, business image, and the possibility of others. Respondents could identify multiple responses.

Graph 2 shows how respondents generally decide where to buy food most often. Based on the analysis of the answers we came to the general conclusion that more than 55% of people is location the factor to select retailing store. Secondly, a bargain price (49,1%) followed by the range of assortment (33,9%). According to the results of the questionnaire, the quality of the products is also an important factor influencing the consumer's decision on the selection of the retailer, with the figure of 22,3% of the demanded. The least decisive factors in the decision making of consumers where the purchases are made are the business image (2,7%) and the attendant (1,8%).

**Graph 2 Factors influencing decision making about purchasing food**



Source: Own study

As the results of the research show, the consumer is influenced by a large number of variables in purchasing and consumption decisions. Some of them are related to the environment in which they live and how they live. These factors are external factors, including culture, social status. Internal factors are intrinsic specificities resulting from different psychological characteristics such as personality traits, the ability to perceive stimuli and the degree of motivation. External and internal factors interact with each other and form together over the long term as an individual decides on consumption of goods and services.





From the results obtained, it can be concluded that despite the systematical adjustment of consumers to different areas by retailers, it is constantly to be improved. This is primarily about improving the quality of individual retail stores, such as increasing the efficiency of individual employees, improving consumer awareness of individual products, and improving product assortment.

## Acknowledgement

The paper is an output of the project VEGA number 1/0670/16 Evaluation of integrated management systems in the context of improvement of business entities competitiveness in the Slovak Republic.

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