

## THE CONSUMERS' ATTITUDES TOWARDS RETAILERS' STRATEGIES APPLIED ON THE DUBROVNIK AREA

DRAGICEVIC, M[arija]; LETUNIC, S[tijepo] & MAJIC, M[arijana]

**Abstract:** *A retailer is a business that sells products and/or services to consumers for their personal family use. Retailers are the final business in a distribution channel that links manufacturers to consumers. The aim of this paper is to analyze some specific features of retailers business and to examine the attitudes of consumer towards retailers strategies applied on Dubrovnik area. For this purpose the empirical research including a personal inquiry on the sample of 200 consumers in Dubrovnik has been carried out. The results of the research carried out in Dubrovnik show that there is a need for improving retailers business strategies, in the first order through the diversification of products offered to consumers in Dubrovnik, better information and better adaptation of payment conditions. We consider it is necessary to continue with the further research of consumers' attitudes in Dubrovnik towards different types of retailers, what we consider as limitation of this research.*

**Key words:** *consumers' attitudes, retailers, strategies, Dubrovnik*

### 1. INTRODUCTION

A retailer is a business that sells products and/or services to consumers for their personal family use. Retail is the final business in a distribution channel that links manufacturers to consumers (Levy, M. & Weitz, B., 2007, 7) Retail has developed rapidly over past few decades (Myers H. & Gilbert, D., 55) and it provides important functions such as holding inventory, providing an assortment, maintaining the inventory, offering credit, providing different services which help using product etc. In order to satisfy customer needs the retailer must have a thorough understanding of how customers make store choice and purchase decision (Myers H. & Gilbert, D., 83). Retailers are also responsible for developing many innovative products and services (Levy, M. & Weitz, B., 2007; Backstrom, K. & Johansson, U., 2006, 422), so many retailers are increasing variety of their merchandise selling different merchandise categories within a store or department. By offering greater variety (retailers can offer one-stop shopping to satisfy more of the needs of their target market (Levy, M. & Weitz, B., 2007, 16).

At the same time consumers may hold different schemas (beliefs and expectations) about what their interactions with retailers are or should be (Kaltcheva, V. & Parasuraman, A., 2009, 601) . The aim of this paper primarily is to explore the attitudes of the local inhabitants in Dubrovnik about retailers. We have stated the basic hypotheses: H1. There is a need for improving

retailers services in Dubrovnik. The empirical research included a personal inquiry on the sample of 200 consumers in Dubrovnik. For analysing data we have used the descriptive and inferential statistics. In this research we have included only Food Retailers, General merchandise Retailers, Conventional Supermarkets, no the other type of retailer, what we consider as a research limitation.

### 2. RETAILERS AS DISTRIBUTION CHANNEL

Retailers provide important functions as holding inventory, breaking bulk, providing assortment of products and providing services. Providing an assortment enables their customers to choose from a wide selection of brands, design, sizes, colors, and prices at one location. All retailers offer assortments of products, but they specialize in the assortment they offer. Most consumers are well aware of the products assortments retailers offer; even small children tend to know where to buy different types of products. Retailers offer products in smaller quantities tailored to individual consumers' and households' consumption patterns that is called breaking bulk. A major function of retailers is to keep inventory that is already broken into user-friendly sizes so that products will be available when consumer want them.

By maintaining an inventory, retailers provide a benefit to consumers; they reduce consumers' costs of storing products that is particularly important to consumers with limited storage space and who want to purchase perishable merchandise like food. Retailers provide services that make it easier for customers to buy and use products. They offer loans and they display products so consumers can see and test them before buying. By providing assortments, breaking bulk, holding inventory and providing services retailers increase the value consumers receive from their products and services (Levy, M. & Weitz, B., 2007, 8-9).

An important service offered by retailers is also the provision information to help customers make better purchase decision (Rosenbloom, B., 2004, 358; Backstrom, K. & Johansson, U., 2006, 422). Some retailers have sales staff in stores or use their Web sites to answer questions and provide additional information about products. While majority of retail sales are made by large retail chains, most retailers are small businesses.

There are over 1.000.000 retail firms in United States, and 95% of these firms have only one store. Retailing is also one of the nation's largest industries in terms of employment. For example, between 2004. and 2012. The retail industry expects to add 2.1. million jobs, making it one of the largest sectors for job growth in the U. S. (Levy, M. & Weitz, B, 2007, 10-11). The U. S. Distribution system has the greatest retail density and the greatest concentration of large retail forms. Many U. S. Retail firms are large enough to operate their own warehouse, eliminating the need for wholesalers. The fastest growing types of U. S. retailers sell through large stores over 20.000. feet. In contrast, the Japanese distribution system is characterized by small firms and large independent wholesale industry.

European distribution system falls between the U.S. and Japanese systems on efficiency and scale, but the northern southern and central parts of Europe have to be distinguished, with northern European retailing being the most similar to the U. S. System (Levy, M. & Weitz, B, 2007, 7). Referring to this some retail firms practice mass marketing (hypermarkets, variety shops), while other opt for segmented marketing (specialist) or niche marketing as hyperspecialist ( Tordjman, A., 1995, 18) Retail strategy have to identify:

1. Target market, or markets, toward which the retailer will direct its efforts;
2. The nature of the merchandise and services the retailer will offer to satisfy the needs of the target market. (Levy, M. & Weitz, B,2007)

Retailers also differ in the services they offer consumers. Customers expect almost all retailers to provide certain services such as displaying merchandise, accepting credit cards, providing parking, and being open at convenient hours. Some retailers charge customers for their services, such as home delivery and gift wrapping. Retailers that cater to service-oriented consumers offer customers most of these services at no charge. There are many different types of retailers such as Food Retailers, Conventional Supermarkets, Convenience Stores, Supercenters and Hypermarkets, Warehouse Clubs, General merchandise Retailers (department stores, apparel and accessory, speciality stores, jewelry stores, shoe stores, furniture stores), Office supply stores (book stores, building materials, hardware and garden supply stores), consumer electronics and appliance stores such as drug stores, full-line discount stores, food and general merchandise extreme value stores, nonstore retailer (Levy, M., Weitz, B, 2007; Kotler, P. & Keller, K. 2007).

Non-store retailing that is mailorder, television shopping, minitel and telephone ordering, have developed because of changes in population (working women, ageing, population), technology (information technology, logistics), competition (difficulties reaching town centres, limited opening hours) (Andre Tordjman, 1995, 39). Large retailers now offer many of their products online through the Internet (Myers,

H., Gilbert, D., 2003). Image interactive technology (IIT) gets more significance offering innovative way to

present products and stimulate product experience in a virtual world (Kim, J., Fiore, A. & Lee. H., 2007) By strong brand positioning and image creation retailer can improve trade (, H. & Gilbert, D., 2003, 5).

### 3.THE RESULTS OF EMPIRICAL RESEARCH CARRIED OUT IN DUBROVNIK

#### 3.1 Methodology of the research

For the purpose of this paper we have carried out primary research in Dubrovnik. The empirical research has been carried out by interviewing customers and including the sample of 200 customers using retailers services. The questionnaire was structured and included questions. The first group of questions was about demographic data, the second group of questions was about attitudes and satisfaction with retailers facilities. For analyzing data we have used 5-point Likert scale, descriptive and inferential statistics.

#### 3.2 Results of the research

According to the results of research customers belong to the different age groups and there is almost no significant difference between groups, except slightly more for customers from age of 31 to 35. The men in the study were represented with the share of 40%, while women accounted for 60%. of customers who are very satisfied with the retailers services 44% are faculty educated customers, 48% of them have finished secondary school and 8% of them have only elementary school. The customers who belong in the category of middle satisfied mostly have finished secondary school, 62%, than 23% of them have university diploma and 5% of them have finished elementary school. The customers who belong in the category of low satisfied mostly have finished secondary school, 55% of them , 31% have university education and 13% have finished elementary school. Given the above data one can conclude that there is no correlation between satisfaction level and educational level.

We have also tested the existing correlation between working status and the satisfaction level. According to the results of research, 14% of customers were extremely satisfied, 16% were satisfied, 50% is neither satisfied, nor dissatisfied, 18% is mostly dissatisfied and 15% is completely dissatisfied. At the same time 8% of unemployed customers were extremely satisfied or satisfied, while 24% were partly satisfied and 30% were dissatisfied. In the category of retired customers 12% were satisfied, 11% neither satisfied, nor dissatisfied and 20% were dissatisfied.

The age	Number of customers	%
Up to 20	26	13
21-25	34	17
26-30	25	12,5
31-35	40	20
36-40	25	12,5
41-45	20	10
46-50	14	7
51 and more	16	8
<b>Total</b>	200	100

Tab. 1. The age of customers

According to the results of the research it is obvious that 12 % of retired customers were satisfied, 11% were partly satisfied and 9% were mostly dissatisfied and completely dissatisfied. The empirical value of chi-square test, 4,336 (level of significance was 95%) and the table value 14,0671, shows that there is no correlation between working status and the consumers' satisfaction level, so there is a need and challenge to arise the customers' satisfaction level of all categories, that is employed, unemployed and retired customers.

Deficiency	Responses	%
Undiversified	88	25,0
Incompatibility with consumers expectations	85	24,1
The level of quality is not important	41	11,6
No choice possibility	108	30,7
Unsatisfied quality	30	8,5

Tab. 2. Main deficiency of retailers services in Dubrovnik („Multiple responses“, N=200)

The results of the research show that respondents indicated incompatibility with consumers expectations and no choice possibility, such as undiversified offer, as the most important deficiency of retailers in Dubrovnik. We have also asked customers about main reasons that influence their decision to purchase in Dubrovnik. The customers use retailer services mostly (70%) because they have no the other possibilities, only 28% of them use retailers service in Dubrovnik because they are satisfied with retailer services as visible via table 3.

Reason	Responses	%
There are no other possibilities	139	69,5
Because I am satisfied	56	28,0
Else	5	2,5
Total	200	100

Tab. 3. The reasons for using retailers' services in Dubrovnik

The results of the research via table 4. show that the largest number of customers (58%) consider that the promotional activities of retailers in Dubrovnik are not adequate, although they are divided in their opinion and at the same time 37% of customers consider that promotional activities are adequate. As it is obvious from the results of the research there is a need for improving promotional activities.

Promotional activities	Customers	%
Adequate	73	36,5
Inadequate	116	58
Unknown	11	5,5
Total	200	100

Tab. 4. The attitudes of consumers towards promotional activities

The customers have suggested some actions for improving retailers' promoting strategies applied in Dubrovnik As it is visible from table 5. the most

Necessary promotional activities	Responses	%	Rank
More advertising	62	31,0	3
More sales promotion	78	39,0	2
More promotion on trade fairs	24	12,0	5
More rebates	115	57,5	1
More Internet promotion	38	19,0	4

Tab. 5. Necessary promotional activities („Multiple responses“, N=200)

responses refer to the need of introducing more possibilities for rebates, then using more sales promotions such as improving advertising.

Paying conditons	Customers	%
Very acceptable and convinient	71	34,8
Partially acceptable	97	47,5
Bad	28	13,7
Unknown	8	3,9

Tab. 6. The attitudes of consumers towards paying conditons

The largest part of customers consider that the price of the product is extremely high and think that there is no value for money. The largest part of customers consider paying conditions are partially acceptable. The results of the research show that retailers in Dubrovnik have to reconsider the product pricing policy and paying conditions.

Suggestion for improvement payment conditions	Responses	%
Credit payments	71	35,5
Cash payment discounts and more coupons	97	48,5
Introducing possibility for using credit cards	28	14,0

Tab. 7. Suggestion for payments („Multiple responses“, N=200)

Also customers have given their suggestions regarding improving payment conditions in retailers. Their responses mostly refer to introduction of more possibilities of credit payment, than using more actions which refer to cash payment discounts and coupons. The customers also think that retailer services in Dubrovnik do not use enough possibilities of payment with credit cards and that it is not possible at significant number of retailers in Dubrovnik.

Satisfaction level concerning location	Responses	%
Very satisfied	29	14,5
Satisfied	46	23,0
Partly satisfied	81	40,5
Mostly dissatisfied	39	19,5
Completely dissatisfied	5	2,5
<b>Total</b>	<b>200</b>	<b>100</b>

Tab. 8. The satisfaction level with retailers' location

The largest number of customers (40,5%) is partially satisfied with retailers' location in Dubrovnik, 23,0% of them are satisfied and 14,5% of the shoppers are very satisfied customers. The results of the research also show that significant number of customers is not satisfied with the location (22%), of which 2,5% is extremely dissatisfied. According to the results in table 10. it is obvious that the largest number of customers consider that the retailers' personell is not qualified and kind (31,5%) , although significant part of consumers ( 28%) finds out that personell is kind and 23% of them think personell is kind and qualified. So , there is a need for improving retailers' personell relationship efforts towards customers.

Attitudes towards retailers' personell	Responses	%	Rank
Very kind	56	28,0	2
Very qualified and kind	46	23,0	3
Inqualified and not kind	63	31,5	1
Not kind	36	17,5	4
<b>Total</b>	<b>200</b>	<b>100</b>	<b>100</b>

Tab. 9. The satisfaction level with the retailers' personell

Degustation	Customers	%
Extremely necessary	78	39,0
Could be useful	85	42,5
Not necessary	12	6,0
There are, but not successful managed in Dubrovnik	27	13,5
<b>Total</b>	<b>200</b>	<b>100</b>

Tab. 10. The attitudes towards degustations

The customers who use retailers' services in Dubrovnik consider that degustations are useful and it is necessary to implement it more and better. From the data given in table 10. we can see that degustation is not always managed well.

#### 4. CONCLUSION

According to the results of the research carried out in Dubrovnik it is visible that there is a need to increase customers' satisfaction level of all categories, including employed, unemployed and retired customers. The results of the research show that respondents indicated an incompatibility with consumers expectations and no choice possibility, such as undiversified offer, as the most important deficiency of retailers.

Higher customers' satisfaction level with retailers services can be reached through improvement of products quality. There is a need for improving retailers marketing and it is also necessary to inform customers better about products and other buying conditions, such as adopting better paying conditions according to the needs and paying possibilities of customers. Customers find the prices high what does not fit to the value of products. Retailers in Dubrovnik are also responsible for developing many innovative products and services, no matter the retail sales are made by large retail chains, or by small business.

The customers give advantages to the new and autochtonic products, such as initiating and supporting opening of new types of retailer, what will contribute to better competition.

We can conclude that it is necessary to improve retailer's customer relationship efforts in Dubrovnik because of its influence on consumers' attitudes and behaviour (Wulf, K. D .& Odekerken-Schroder, G., 2003). In this research we have included only Food Retailers, General merchandise Retailers and Conventional Supermarkets, what we consider as the limitation of the research.

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