

THE ASSIMILATION OF MARKETING CONCEPT BY RETAIL COMPANIES IN ROMANIA

Lecturer PhD Marius BĂLĂȘESCU
Transilvania University of Brasov

Abstract:

The present evolution on consumption goods market generates serious and complex issues to retail companies. Under the circumstances of serious competition, retail companies in Romania confront themselves with the need of finding solutions to different aspects regarding integration on the market, identifying solutions concerning competition issues, initializing and developing businesses or determining the profitability of every activity. More than this, having a relation with the market they act, retailers must know and follow permanently the needs and the requires on the market, phenomenon that implies marketing research, studies and analysis that allow a better understanding of the economic processes, and also social ones, cultural, demographical, and so on. These present realities (and even possible evolutions) that characterize the sector of retail have been the element that determined the initiation of the present scientific action. The retail company is the link within a value chain that comes in direct contact with the final consumer. Therefore, our intention is to determine the place, role and importance of marketing within the general policies of retail companies. Naturally, this generated the question: is distribution marketing a specialized domain that implies policies, strategies and specific techniques, or the assimilation of the classic concept is sufficient in solving marketing and management problems?

Key words: marketing, retail, distribution marketing, retail companies' marketing mix, marketing research in retail

Introduction

One of the paradigms of the contemporary economic world consists in the fact that nowadays, it is much harder selling goods than products. In the present economy, competition between producers and suppliers, demand and offer, has a very tight relation. They develop with unsuspected rhythms, by new rules on the market, identified by the means of permanent and complex marketing research of potential buyers, producers or competitors, of market fluctuations, and so on. (Costea, C. E. and Săseanu, A.S., 2009, p.9)

In this perspective, an adequate acknowledgement of economies, markets and goods, of the way they

function, are influenced or controlled, is based on information and marketing research, on analysis specific to each type of activity as well as on understanding them.

The realities of contemporary world show that a functional economy is a market economy on which marketing has powerfully entered, as philosophy that guides organizational activity, no matter its nature, as well as practical action, reflected in significant results and, sometimes, spectacular. (Lefter, C., Brătucu, G., et al, 2006, p.17)

The fundamental feature of contemporary marketing is represented by its full opening in three major directions: towards consumers' needs

the needs of the organization and the ones of the society.

Nowadays, no matter the nature of the activities or the features of the organizations, marketing is *a way of entrepreneurial thinking*. (Bruhn, M., 1999, p.12)

The concept of marketing in commerce, with its entire scientific arsenal, must represent an instrument of analyse and study of the phenomena and processes in economy. It must represent a way of emphasizing the means of increasing economic efficiency, the means of prediction and programming actions, organization and management of economic processes, so that the resources that the society possesses and also the resources of companies, can satisfy as well as possible the dynamic system of needs of consumption.

The present work debates these issues, and has in view the way retail companies in Romania assimilate the concept of marketing and all of its aspects.

Conceptual and methodological approach

Our scientific research emphasized the necessity of approaching distribution marketing as an individual specialization of marketing. In our opinion, distribution marketing can only be conceived as a process in each link of the distribution. In this matter, we have formulated a series of statements:

1. Having in view the fact that consumption goods distribution is the process between producer and final consumer, we have approached selling as a sequence of distribution produced between participants to a marketing channel.

2. There are specific processes of selling between producer and intermediary, as well as between intermediary and final consumer. Under the context of this approach, our investigation had in view the specific

selling process between retail and final consumer.

Starting from this point of view we may develop the concept of marketing to the retail company oriented towards selling individual consumption goods.

Concerning the marketing mix of the retail company, we may identify six fundamental elements that compose the mix:

a. Marketing decisions regarding the location of the commercial unit.

b. Marketing decisions regarding the unit (selling point) as image, atmosphere and ambience.

c. Marketing decisions regarding the product policy.

d. Marketing decisions regarding the price policy.

e. Marketing decisions regarding the distribution policy.

f. Marketing decisions regarding the promotional policy.

Research on attitudes, opinions and behaviours of retail companies' managers regarding the obtaining and using marketing information

The quantitative marketing research referred to "Attitudes, opinions and behaviours of retail companies' managers regarding the obtaining and using marketing information" and aimed determining the manner in which retail companies in Brasov know and use marketing concept and integrate it functionally to the level of management decisions.

The research consisted in an enquiry (direct interview method) and was based on a questionnaire of 38 questions. It was done between September 15th and December 15th 2008.

The population consisted in the total number of retail companies within Brasov county. Only marketing managers were questioned from the selected companies.

The situation of retail companies in Brasov was at the time as follows:

Table 1

| Retail companies in Brasov in 2008 | | |
|---|------|-------|
| Total | 4929 | 100% |
| Active companies | 3495 | 70,9% |
| Inactive companies | 1434 | 29,1% |

The research was done on active companies. These companies were 71% of the total number of registered companies in Brasov.

For establishing the sample we had in view a level of confidence of 95% and an admitted error of $\pm 5\%$. The resulted size of the sample was 384 individuals. For establishing the sample we used the method of proportional multistage sampling, having under consideration two variables: the size and the form of commerce of companies. The validation of the sample was done in report to the size of the companies and the type of goods they transacted.

The most important conclusion that came from analyzing the information is that, generally speaking, in retail companies in Brasov managers do not think and act yet in the spirit of a real marketing way. The conclusion is that in practice, most retail companies do not have a real marketing view, but they use, more or less, some instruments specific to marketing in order to achieve some objectives that are not related to marketing.

A different significant conclusion that came from the results of the research shows that there is an obvious differentiation between small independent retail companies that act locally and national retail chains, or even international ones, under the aspect of assimilated marketing concept (marketing information used, promoting means, marketing activity, and so on).

In order to understand correctly the results obtained and to achieve valid conclusions, the research included one way analysis as well as two way and multivariate analysis. We believe that

the multi way analysis in the present marketing research offered a more profound approach of the analyzed phenomena.

Further, we shall present the most important aspects that helped with the multivariate analysis.

The depth of the analysis of retail companies' behaviour on the basis of the role and importance of obtaining and using marketing information in order to create marketing policies, requires a general research by considering, simultaneously, a great number of relevant variants. In this matter we used the method of Main Parts Analysis (MPA), because its major force consists in giving simultaneous correlations between variables, allowing the examination of the phenomena as a whole. (Xavier Bry, 1995, p.30).

In order to have a synthetic view of the above mentioned aspect we identified two main factors under the conditions of validating the correlation of the data and of the adequate character of the factors. We used specific tests such as Barlet test of specificity, that lead to the rejection of the zero hypotheses of non-correlation of the variables, as well as Kaiser-Mayer-Olkin measure of sampling adequacy that had a value (0.68) that significantly overcomes the minimum accepted level (0.50).

Within these analyses there were taken under consideration six variables measured with the interval scale. These variables were: the importance of studying the consumer behaviour (5 levels); the importance of conceiving an adequate marketing strategy (5 levels); the level of importance given to obtaining marketing information by the

company (6 levels); the way suppliers are willing to offer marketing information (5 levels); the importance given to the use of intuition in taking marketing decisions (5 levels).

The positioning of these variables in the plan of the two main factors is presented as follows:

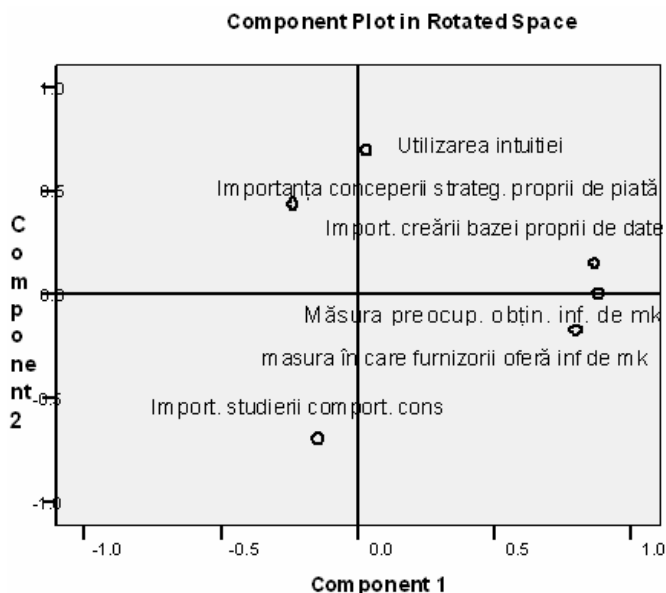


Figure 1. The positioning of the retailers in the plan of the two factors by the way they were built

In the perspective of the correlation of the two main factors, results:

a. Factor 1 can be defined as representing *The importance of obtaining marketing information*. It represents 37.7% of the total variance. As it is shown, the variables highly correlated to Factor 1 are: the level of importance given to obtaining marketing information by the company; the importance given to owning a database; and the way suppliers are willing to offer marketing information.

b. Factor 2 can be defined as *The use of intuition in conceiving marketing strategies*. It explains 20.4% of the total variance of the variables had in view. But, it is noticeable that a distinct aspect

is the fact that, by their behaviour, retailers, generally, do not give a great importance to studying the consumers' behaviour, as this variable is anti-correlated to the intuition they appeal mostly, as we shall notice in many cases.

The two factors, together explain 58% of the total variance and so, they can be representative under the aspect of characterizing the way retailers act in order to obtain information needed to conceive their marketing actions.

It is also noticeable that these retailers act in different ways. In this matter we shall analyze the companies by their position in the plan of the two factors, having under consideration, mainly, their size:

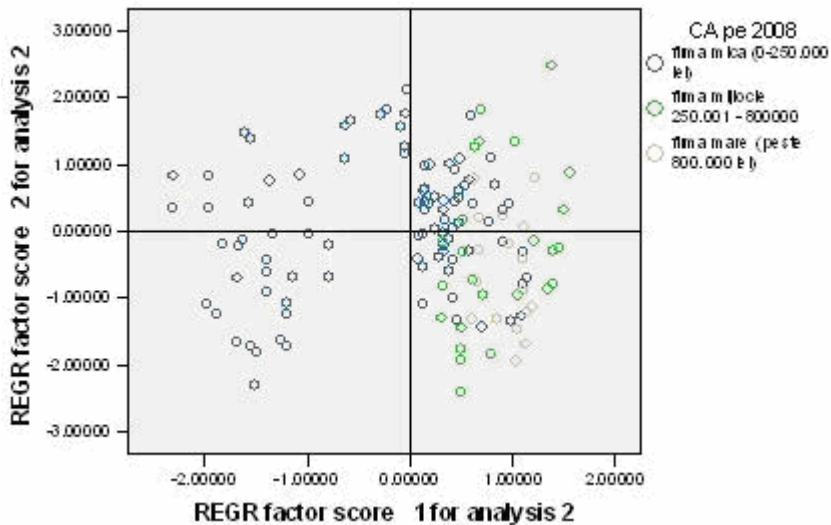


Figure 2. The positioning of the companies in the plan of the two factors, by their size.

We can notice that average and large companies are positioned in the quarters that show the following aspects:

- A relatively small number of companies of average and large size are correlated to the factor 1 that sets on main plan the importance of obtaining marketing information.

- A relatively small number of average companies are focused on using intuition in elaborating their marketing policies; to these companies we may add a relatively large number of small companies.

- A relatively large number of companies, but also average companies, give a high importance to information about consumers.

- Most of the small companies give less importance to the necessity of obtaining marketing information and base their marketing policies on intuition.

A subject of high interest approached within the quantitative marketing research was represented by the manner retail companies feel the effects of the present economic crisis as well as the evaluation of the importance given to marketing activities as means

of overcoming the crisis. Most subjects, including managers of large retail companies, stated that the negative effects of the economic crisis will influence very much their activities.

In our opinion, the approach of efficient methods by managers of retail companies in Romania, in order to overcome the effects of the economic crisis, do not imply importing the solutions tried by other Europeans, but adapting these solutions and even an innovation process. Even under economic crisis conditions, retail companies must allocate financial resources to marketing in order to allow the study and understanding of the modifications of buying and consumption behaviour during crisis, so that they can adapt to the changes. Many retailers noticed a decrease of sales, but, at the same time, an increase of the traffic in their selling units, as a modification of the buying behaviour. The consumer is now willing to spend more time and search more places in order to optimize the price-quality report. In order to better understand what must be done retailers must invest in marketing actions and not reduce marketing budgets. Many

retailers did not understand that nowadays we do not confront ourselves with a cost crisis (e.g. last year the price of oil barrel exceeded 150 USD, and nowadays it fluctuates roundabout 70 USD), but a sales crisis, and therefore, they must invest more in activities specific to marketing. We can call this marketing a “crisis marketing” that must have important resources within companies and that must provide special solutions to special situations.

The necessity of assimilating marketing concept by retail companies in Romania

The marketing research revealed the fact that most managers of small retail companies do not understand and use marketing functionally in taking management decisions.

Managers of small retail companies must understand that using different parts of marketing, different instruments, techniques and means that most of the time are not correlated efficiently to other policies, is not sufficient. They must understand that marketing has the power of directing the entire managerial process of the retail company towards markets and their requirements.

In order to sustain the above statement, we intend to attract the attention on retail companies’ managers to the following aspects that will get other dimensions under the impulse of concept, techniques and instruments of marketing. (Patriche,D., pp.116-129)

- The transformation of marketing in fundamental policy at the level of the retail company. Such an orientation has in view: the permanent study and objective analysis of the market and its evolution; the evaluation of the quality of products and their correspondence with their prices; the permanent modification of what does not correspond on the market, giving birth to new products and services, methods of serving and even to new methods of distribution.

- Making the step from a intuitive based management to a scientific based management. (Patriche, D., et al, 2007, p. 62). Marketing has in view two simultaneous exigencies: using scientific methods in management – systematic gathering of information, statistic analysis and economic calculus, scientific methods of prediction, psychological motivations, decision theory, behaviour models, establishing new criteria of evaluation, and so on; the existence of personnel able to use such instruments, personnel that ought to possess basic theoretical knowledge and the experience regarding practical selling problems.

- Promoting the view according to which all must start from the market and from the interests of the consumer. The respective view obliges to using new methods of research and study.

- The acknowledgement of the marketing concept and the understanding of its principles, as well as the spirit state the top management must adopt. In real life these aspects will lose their theoretical and sophisticated character, keeping only the essential that will allow the generalization of marketing.

- The integration of the marketing function within the managerial functions and assuring a marketing education to the entire personnel of retail companies.

Conclusions

The marketing concept, both by its cognitive side as well as by its pragmatic side, must offer to retail companies’ real possibilities of knowing economic phenomena, their structure and dimensions, the way of understanding tendencies and their movement. It must allow a good identification of interests and their motivation, so that they can be able to solve problems they confront in such a given context.

As a consequence, marketing in retail by the means of marketing research, must exceed common

knowledge, it must become a systematic study, a profound one, able to identify the nature of phenomena, their intensity and their direction, so that, in the end, it can offer the possibility of efficient solution. At the same time, having in view the fact that marketing appeared as a necessity of solving problems regarding rational organization of the resources of companies, in order to provide a maximum satisfaction of the needs on the market, and that it approaches by its

nature complex problems referring to main aspects of marketing policies, it can represent an important practical instrument of improving economic activity and an adequate mean in competition battle.

The present work aimed proving that retail companies in order to be efficient and competitive must proceed to a functional integration of the concept of marketing in the managerial process of the activities within retail structures.

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