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## FACTORS INFLUENCING CONSUMER BEHAVIOUR IN RETAIL

Omarov Elvin Shahin ogli, Kharkiv National University of Economics after Simon Kuznets,  
Management and Business department, Kharkiv, Ukraine

**Abstract** — Paper deals with the problems of studying the behaviour of consumers on the market and covers the main factors influencing consumer behaviour in retail trade taking into account the analysis of basic needs. In addition, present paper highlights some consumer groups and studies their characteristics.

**Key Terms** — Retail, consumer behaviour, consumer needs.

Nowadays for foreign companies functioning in the retail trade it is extremely important to clearly define from what consumers' actions depend on and how to predict their behaviour. Consumer behaviour is defined as the actions taken by people while they are acquiring consuming and disposing goods and (or) services. The behaviour of consumers is affected both by external, determining persons as the members of society, and by internal, determining persons as individual factors.

External factors:

Culture absorbs certain set of norms, rules, ideas, values, rituals inherent in this or that society. For example, Americans are most likely to eat corn flakes for breakfast, while Chinese would rather prefer rice. Culture is usually divided into macro-culture and micro-culture. If the term macro-culture refers to the whole society, then micro-culture determines the norms and values only for the certain group of people united by age, ethnicity, religion, etc. Often micro-culture is called as subculture. Companies while carrying out their activities must necessarily take into account the cultural characteristics of the country. This is especially true for international companies. An American company trying to attract consumers in Japan will never achieve the desired results if it will rely on the ideas of individualism, personal

success and constant movement in search of the best. Moreover, in many countries, in particular the United States, Switzerland, Ukraine, the population is characterized by heterogeneity in national and religious aspects. Therefore, in recent years, multicultural management and marketing have become widespread. Therefore, when conducting marketing policy, companies focus their attention on certain nationalities or religious groups.

Processes because of which people generate their life values, motivations, and lifestyle are called socialization. At the same time, many scientists believe that the process of socialization takes place throughout the whole life of the individual. In order to predict future values and norms of social behaviour or certain subculture it is necessary to take into account those factors that result changes of values [3]:

- Personal values are changing with age. Young people while growing up adopt the values of previous generation. However, they also bring some of their values, which were not inherent to parents.

- Influence of people with equal social status.

- Mass media. Recently, mass media not only reflect and comply with norms, rules of behaviour and existing values of society, but also often influence them. By means of advertising, mass media can strengthen socially significant cultural values, such as success, diligence or patriotism, contributing to their assimilation by younger generation.

Certainly, the culture of behaviour adopted in society has huge impact on the nature of consumption. However, because of the modern active mutual penetration of cultures and enormous opportunities for traveling and experience exchange, this impact has noticeably weakened. People are studying foreign languages, cultures, traditions, as the result they

become more inclined to consume products or services that were uncharacteristic to their culture. Thus, in the study of Legohérel P., Dauce B., Hsu C. H., Ranclihold A. "Culture, Time Orientation, and Exploratory Buying Behaviour" [6] was identified the dependence between knowledge of foreign languages and consumption of products common for other cultures.

For years, scientists have been noticing similarities in the behaviour of consumers among the same social classes. Social classes are built in a strict hierarchy, relatively homogeneous, stable social groups whose members are united by common values, interests and behaviour. As the outcome representatives of one social class usually have similar preferences. The defining variables for social class are social position, level of education, occupation, property status etc.

Few can argue that in one or another context, the social level of some people is higher than that of others. Such phenomenon is explained by the term stratification or formal inequality. In the case of social classes, this is the inequality of classes in relation to each other. It is also important to note that people during their lives can move from one class to another. Changing the nature of activities, buying property, promoting the career ladder – all these factors serve as a means of transition from one social class to another.

For retail industry, the status systems are of particular importance, as they have the greatest impact on what people are buying and consuming. Often, products or services are positioned as symbol of a status in society. As the result, those consumers who associate themselves with such class acquire certain product or service to demonstrate their belonging to their or higher class.

One more important external factor influencing consumer behaviour is reference group. Reference group is an individual or a group of people that has significant impact on human behaviour. Personal development starting from early childhood occurs under the influence of many reference groups, such as family, school, friends, famous people, etc. While the influence of some groups passes or

just fades with time, the influence of others, such as the family, for example, forms the basic values of personality. Thus, it is customary to distinguish several types of referent groups: primary, secondary, formal, informal, group of belonging, attracting group, repulsive and virtual [5]. Consumption of members within certain groups differs in similarity, as people are united by common interests. Often, companies concentrate their activities on certain reference group. Moreover, since in many of them it is possible to observe the close interaction of members, the interest of one member of the group in the product may entail mass consumption. For example, producers in their advertising messages can use celebrities as reference groups. The participation of an actor or a well-known sportsman in a commercial is able to induce the customer to buy certain product.

Internal factors:

While external factors are considering the person as part of the society, internal factors are correlated with the concept of the individual, individuality and psychology of person. Internal factors are classified on personal and psychological. Personal characteristics include such variables as age and stage of the life cycle of family, personal values, occupation, lifestyle and self-estimation. In addition to social values that could characterise special society, there are also individual values that are important directly to certain person. An important feature of individual values is their relative constancy. Scientific attempts to attach personal values to the brand choice have shown that value benchmarks of consumers can influence the demand [1]. Scientists also associated vital values with food attributes.

With age, the range of products and services purchased by people is changing. During the first years of life person needs diapers, baby food, nipple bottles. Little later, we need toys, candies and of various cognitive things. In more mature age, there is a need in fashionable clothes, different kinds of technology, books. In adulthood, there comes a time of dietary and healthy food, comfortable clothes, and medicines. Thus, at different stages of life person needs various goods. One of the main

methods of consumer segmentation is based on age. Some trademarks “are growing together” with their customers, while others retain their focus on certain age group. For example, the youth brand of clothing “Miss Sixty” has been aimed on young people for many years, at the same time “Levi's” has developed new product lines aligned with the growth of their consumer, who, as a result, were invariably devoted to their brand of jeans.

People's way of living greatly affects their consumption. Depending on the occupation or job position person needs certain set of goods. For example, the historical scientist with higher probability buy books, excursion tours to important parts of the world, comfortable clothes, etc. The bank employee needs official strict clothing, clerical accessories, computer, programs and self-sufficient software. At the same time, the homemaker will rather buy food, household accessories, comfortable clothes, etc.

Culture and reference groups influence the personal self-esteem. However, each person has a strictly specific type of personality, which influences his or her buying behaviour. Type of personality is a set of distinctive psychological characteristics of the person, ensuring the relative sequence and consistency of his or her responses to the environment. Type of personality is usually defined in accordance with such inherent features as self-belief, influence on others, independence, respect, sociability, self-protection and adaptability [4]. Therefore, companies should develop the brand image that coincides with the self-image of the targeted audience.

In order to produce the right product, correctly position and sell it, for the manufacturer, first of all, it is necessary to determine motives of the person who will acquire the product or service, which is called consumer motivation. Consumer motivation is the driving force that activates behaviour and provides goal and direction for this behaviour. Motivation is based on unsatisfied needs, i.e. peculiar incentives to purchase means of their satisfaction. At the same time, purchase of the same product can satisfy different needs for different consumers. For example, buying clothes for one person can mean satisfying the

basic needs for warmth, and for another it be used for raising the status, i.e. satisfaction of needs on the completely different level. Moreover, some motives have the situational character. For example, even if the person is worried about status, nevertheless, he or she can be guided by completely different motives, if the clothe is purchased for the third party or for use in home. For deeper understanding the people's needs and motives, models of managing consumer behaviour have been described by different scientists [2].

Thus, there is a need to study various factors influencing consumer behaviour. Overseas companies successfully developed programs and strategies for their activities in the field of consumer needs research, their motivations and use various forms and methods of stimulation in retail sector. Ukrainian companies will have to work hard to use foreign experience and develop own one to conquer consumers in the retail sector in order to obtain competitive advantages on national and international markets.

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### Authors

**Omarov Elvin Shahin ogli**, PhD student  
Kharkiv National University of Economics after  
Simon Kuznets (mim11\_04\_01@ukr.net).

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