

## Marketing solutions for Romanian retail companies

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**Abstract:** *Current developments in the consumer goods market raises important and complex issues for all retail companies. Under increasingly strong competition, Romanian retail businesses need to solve outstanding issues regarding the integration in market mechanisms, the diagnose of problems faced in the competitive environment, the initiation and development of business or the determination of any activity's feasibility. Furthermore, being employed in a direct relationship with market demand, retailers must permanently know and follow its requirements and demands, phenomenon requiring multiple researches, studies and analysis.*

**Key-words:** *retail marketing, marketing information, marketing solutions.*

### 1. Introduction

The analysis and scientific researches highlighted the need of approaching the distribution marketing as a standalone marketing specialization. From this point of view it has been developed the concept of the retail company's marketing focused on the coordinates of individual consumer goods sale (Bălăşescu et al, 2009).

Another debated issue, brought as argument for the assertion of marketing concept for a retail company, is the problem of using the marketing information as an essential condition for building retailers' marketing policies and strategies (Bălăşescu and Bălăşescu, 2008).

The scientific approach continued with the analysis of how retailers from Brasov city use marketing information to build market strategies. For this topic, there were conducted 2 marketing research, a qualitative one and a quantitative one. The researches highlighted:

- the extent to which retailers know the marketing philosophy and provide a functional integration of the concept (1)
- the general marketing tools for managing the activities developed inside the commercial structures (2).

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After the results interpretation, the most important conclusion was that, overall, the retail managers from Brasov still do not think and act in a spirit of genuine marketing philosophy.

Another significant conclusion shows that there is a clear differentiation between small independent retailers acting locally and large retailers acting at national or international level, in terms of marketing philosophy (marketing information used, promoting tools, marketing activities organization etc.).

## **2. Marketing research results**

The qualitative marketing research (conducted in September 2013) focused on knowing the opinions of two groups of retail managers from Brasov regarding the collection and use of marketing information.

The main research's objective was to find the views of some retail managers from different local companies on the process of obtaining and using marketing information.

The qualitative research was the starting point in clarifying issues related to the extent that some retail managers are concerned to obtain and use marketing information for building marketing policies and strategies.

The quantitative marketing research (conducted in November-December 2013) focused on: attitudes, opinions and behaviours of retail managers from Brasov regarding the way they use marketing information for business development.

The quantitative marketing research was survey based on a questionnaire with 38 questions, and the data was collected through the direct interview method. The studied population was considered the total of active retail companies registered in Brasov city. The sample consisted in 384 retail companies. The considered error was 5%. From these companies were interviewed the managers with responsibility for marketing decisions.

The main goals aimed by the 2 researches were:

- Assessing the opinions of retail managers from Brasov regarding the importance given to studying and understanding of the defining characteristics of purchaser behaviour.
- The importance of designing their own market strategies.
- Identifying the sources and types of marketing information used by retail managers and assessing the utility of this information in marketing and management decision making.
- Determining how retailers use the services of consulting firms for solving marketing problems.
- Identifying the sources of conflict in the retailer-supplier relationship from the perspective of marketing information.

- Finding the opinions on the impact of the current economic crisis effects on retailers, retail and identifying the methods used by these companies to counter fight the financial crisis effects.

### **3. Marketing solutions for the retail company**

The researches above led us to the following categories of solutions.

#### **A. Solutions regarding the retail company's market**

Until they clarify the profiles of markets and market segments, the retailers cannot make effective decisions related to the products and services offer, pricing, promotion, merchandising or any decision to support their positioning on these markets.

Most Romanian retailers, especially the traditional ones, fail to clearly define the market segments and to establish their positions on the market. They try to sell an offer for "everyone", failing to properly satisfy any segment.

A solution supported by us and which contributes to a better segmentation as well as customer loyalty, is the creation of an *own database* by every retailer (Bob, 1999). Databases of customers are not just some files, but a valuable commodity for traders to know their customer better. Own marketing information is important to develop a relationship with the consumer, so there can be made personalized offers such as free offers of preferred products to the customer on some occasion. The most common way to create a database in Romania is using loyalty cards or promotions (Balaure, 2000).

In this context of segmentation and positioning, we propose emphasizing the concerns of Romanian retailers, either directly or through their own specialists or consulting firms, to make a correct segmentation and positioning. Without that, failure is almost certain in the future (Bălăşescu and Bălăşescu, 2010). A correct segmentation and positioning in the consumer goods market must lead the retailer to adopt an effective strategy to differentiate the offer. Specifically, differentiation can be made by: assortment expanding, own brand adoption, image and communication, innovation.

Given the current economic climate we suggest increasing the competitiveness of retail companies due to costs reduction.

#### **B. Solutions for effective integration of the retail company inside the marketing channel**

One of the key marketing decisions for the retail company is to be integrated in a marketing channel. Considering this aspect, we should analyse the situation of Romanian companies.

Large Romanian retailers (many of them representing international retailers) are integrated into the vertical structures of marketing channels. In these structures, large retailers participate (along with manufacturers or distributors) or initiate themselves, the coordination of marketing channel by mergers or acquisitions. The large retailer can achieve an administrative coordination of the marketing channel (Patriche, 2004). In this case, the retailer, through its financial size and strength, has the control on the manufacturing companies in the marketing channel, too (Patriche, 2006).

Retailers belonging to small independent trade (traditional trade) have their place, mainly within conventional marketing channels. Such firms are autonomous economic entities pursuing their own needs satisfaction and achieving their own goals even to the detriment of all units that comprise the marketing channel. The conflict between the marketing channel members is a frequent reality.

In Romania the traditional trade, represented by small independent businesses, is still preponderant and these firms are mostly placed in conventional marketing channels (with lower economic returns reported to the vertical coordinate structures of marketing channels). In this context, our proposal is that these businesses find their place within vertical coordinated structures of marketing channel. Here we refer to the type of contractual coordination that may materialize in the creation of retailers' cooperatives, voluntary chains, franchises etc. We believe that the membership in such coordinated structure is the only viable option in the long run for most small independent traders.

### **C. Solutions regarding the store's spatial location**

For a retailer, the store location is the key point of its ability to attract customers. Retailers must consider many factors when making decisions about where their stores will be located such as:

- the type of store;
- the location characteristics;
- the general look, size and visibility of the building,
- the accessibility for customers and vehicles which delivers goods;
- the customer's characteristics, purchase and location needs,
- the competitors' location.

### **D. Solutions regarding the store's image, atmosphere and environment**

The store's image, atmosphere and environment are key elements in retailers' decisions. They influence the customers' decisions in choosing the store and the buying experience. We consider that more attention should be given to the following factors which contribute to the store's image:

*The store's exterior* influences the customers' impression even before they go in. In Romania, still less importance is given to arranging the storefront, although this is an extremely important element contributing to differentiation and creating

commercial venue. So, we propose that for the retailers to seek the services of specialized companies or individuals for the arrangement and decoration of store's windows.

*The store's indoor environment* is an important element since it determines the store's attractiveness to the customer. The arrangement, decor, colours, lighting and other sensory elements (as ambient music and specific smell) contributes to the overall atmosphere – giving to the store a special feature that distinguishes it from others.

The store must provide an environment corresponding to selected market segments, to attract the attention and to determine the customers to buy from that store.

Our proposal related to the store atmosphere is that retailers should strive ever more strongly to create a "buying environment" which meets the requirements and desires of the target market segments.

Romanian traders must consider two main variables of product policy: assortment policy and the mix of selling and extra selling services.

In our opinion, given an offer agglomeration on most markets, the Romanian trader must pay more attention in defining the assortment characteristics (length, width, depth and homogeneity degree), and in products' quality.

#### **E. Solutions regarding product policy for retail company**

Romanian retailers must consider two main variables of product policy: assortment policy and the mix of selling and extra selling services (Bălășescu and Bălășescu, 2010).

In our opinion, given an agglomeration of offers on most markets, the Romanian retailer must be today more attentive to define the assortment characteristics (length, width, depth and degree of homogeneity), and the goods' quality as well.

The seller has to find new ways of being different or even unique on the market. In this context we suggest the following differentiation and individualization methods:

- a) providing goods different from competitors (e.g. own brands involving exclusivity agreements). Currently, there is an explosive growth of private labels for large retailers (hypermarkets and supermarkets, cash & carry).
- b) offering varieties of products that highly meet the target segments needs. For example, retailers focused on selling clothing and accessories for babies and young children decide to include various objects used for feeding children. Other examples are retailers selling clothes for fat people or retailers selling organic or natural products etc.
- c) We consider that the mix of selling and extra selling services is very important in retailer's decision making. The seller must understand that if the assortment policies and the policies related to quality, price, distribution and promotion can be

easily imitated, the services policy hardly can be copied. In this context we propose an adaptation and even customization of services strictly considering the requirements and preferences of target customers. For example, today's supermarkets that sell food have "forgotten" about the services offered by the small grocery stores such as: home delivery, sales based on credit and correspondence with customers.

#### **F. Solutions regarding pricing policy for retail company**

The retailer's pricing policy is a decisive positioning factor and must be closely related to the targeted market segments, the range of products and services and the competition.

Traders should pay attention to pricing strategies. Many traders will set low prices for certain products, in order to create commercial traffic in the store. These products will determine the overall store sales (e.g. hypermarkets and supermarkets case). Sometimes, by setting high prices, the stores want a specific image to the customers, e.g. specialized stores, luxury brands etc. (Bălășescu and Bălășescu, 2010, p. 235-236).

Our proposal for Romanian retailers in the context of the current global economic crisis, aims to reduce costs by reducing losses due to not sold goods. This can be done if the retail managers run a rigorous analysis of category management. According to this strategy every inch of the store shelf must produce, and any product which is not sold must be taken out of the range.

In recent years, due to increased sales, many retailers have purchased products without checking on each category or type of products if their selling is profitable.

#### **G. Solutions regarding distribution policy for retail company**

In their search after turnovers and bigger profits, manufacturers excessively have chosen and traders (including large chains of hypermarkets, supermarkets etc.) accepted too easily using intensive distribution strategy (Costea and Săseanu, 2009). The overuse of this strategy led to a reduction in the differentiation between both producers and traders' brands and offers in the commodity market. So, in order to create a distinct image in the market, the retail company should have to invest much more in the selective and exclusive distribution strategies.

#### **H. Solutions regarding promotion policy for retail company**

The retailers use a series of promotional tools such as publicity, personal selling, sales promotion, promotion to the point of sale and public relations, to attract customers (Florescu et al, 2003).

In our opinion, a solution for Romanian retailers especially in conditions of crisis is not the reduction of promotional budgets, but keeping them. At the same time, they should focus more on personal selling or public relations, tools that will help increase the trader's credibility in the customers' eyes. Inevitably, the retail

company must make a distinction of its offer and its image in the market, given that most of the traders use instruments that do not produce the desired effects, such as advertising or sales promotions.

We believe that all retailers should pay very much attention to the personal selling. Maximizing sales is possible only by properly trained personnel, which is the "key" of the retailer business.

#### 4. Conclusions

The marketing scope is to guide the whole managerial process of the retailer toward the market and its requirements. In this context, we bring to your attention some matters that will receive other dimensions on the spur of the concepts, techniques and marketing tools (Bălăşescu et al., 2009, p.).

*The transformation of marketing in a fundamental policy in the retail company* considers in particular: the permanent study and objective analysis of the market and its evolution; evaluation of product quality and consistency with the prices of those products; permanently change of what does not correspond, requesting new products or services, new ways of serving and even new types of distribution.

*The transition from the intuitive leadership to a scientific management process* must be done by retailers (Patriche, 2007, p.62). Marketing considers the simultaneity of two important requirements:

(1) the use of scientific methods in management - the systematic collection of data, statistical analysis and economic calculations, scientific methods of forecasting, psychological motivations, decision theory, behavioral patterns, establishing criteria for assessing the activity etc.;

(2) the existence of personnel able to use such a complex instrumentation, personnel who possess at the same time, the basic theoretical knowledge and practical experience regarding the sales issues.

The approach of *promoting the marketing philosophy that all actions must be based on the market and consumer interests* involves the use of new methods of research and study.

The retail managers need to adopt a new attitude which involves *knowing better the marketing concept content and understand its principles*. The marketing function need to be integrated within the retailer's managerial functions and a marketing training need to be done for all the personnel.

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