

## ATTITUDE OF REȘIȚA CONSUMERS TOWARD THE IMPORTANCE OF ECONOMIC FACTORS IN THE PURCHASE AND CONSUMPTION PROCESS

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Submitted: 25<sup>th</sup> September 2019

Approved: 2<sup>th</sup> November 2019

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### **Abstract**

*Attracting and retaining consumers and obtaining their fidelity, meeting their needs, in a way that exceeds their expectations, is the main objective of any organisation. Understanding consumer behaviour, however, has proven, over time, especially in practical activity, one of the hardest tasks to achieve, as on the demand carrier a number of factors act whose influence is more or less important, depending on the specific conditions related to space and time. Based on these aspects, the present paper aims at grasping the role of economic factors in the process of purchase and consumption, in the case of Reșița Municipality consumers.*

**Keywords:** *consumer, purchasing process, prices, incomes, living standards*

**JEL :** *D11, M31*

### **1. INTRODUCTION**

The customer, this guest of honour, is currently the centre of marketing experts' attention, consumption being a defining element of individuals' life, family life and community life.

Consumer behaviour has been and represents one of the main topics of interest for sociologists, psychologists and, in particular, economists, and we encounter interest in this topic in the case of many foreign authors, starting with the 18th century, i.e. A. Smith (2003) for whom "the sole purpose of production is consumption", continuing with Veblen (1953) who talked about the relation between ostentatious consumption and social status, Keynes (1970) who introduced the function of consumption into economic theory, beginning with the stable empirical relation between consumption and income, Engel and Blackwell (1982), Becker (1994), Didier (1994), Zaltman (2007) and many others, but also in the case of Romanian authors such as Boier (1994), Miron (1996), Plăiaș (1997), Dobre (1995, 2000), Catoiu and Teodorescu (2004, 2007), Dinu (2010), Manciu (2012), Lala (2014), Tănase (2009, 2011, 2013, 2014), and in the works of these authors consumption is analysed both from the point of view of economics, and sociological, cultural and ideological perspectives.

Studying and understanding consumer behaviour is undoubtedly a very difficult action, which involves a complex research process.

The complex character of consumer behaviour is given by the multitude of

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factors that influence the demand carrier, and the impact of these factors on the consumer varies depending on the specific conditions of time and space, which is why the hierarchy of these determinants is practically impossible to achieve.

However, in societies characterised by a relatively low living standard, economic factors have a very high, sometimes overwhelming influence, economic variables and, in particular, prices and incomes most often directly leading to a certain behaviour.

Based on these considerations, the objective of the present paper is to understand the role of economic factors in the process of modelling consumers' behaviour in the Reșița municipality.

## 2. METHOD OF RESEARCH AND DETERMINATION OF THE SAMPLE SIZE

In order to reach the set objective, research was conducted directly on the population, based on a sample.

Subjects are not randomly sampled, but based on a certain selection process, so that the laws of probability become applicable, making statistical inference possible from the values of the sample characteristics to those of the entire population (Novak, 1998).

In order to ensure the representativeness of the sample, the quota method combined with the areolar survey was chosen as the sampling method, following the choice of the subjects from all neighbourhoods of Reșița municipality, the quotas used being calculated based on the data taken from the Caraș-Severin County Statistics Department.

Determining the sample size is performed differently, depending on the survey rate (Dobre *et al.*, 1995):

$$\left( R = \frac{N}{n} * 100 \right)$$

namely:

- survey rate < 14.3 (1/7 of the parent population) is the situation of a non-exhaustive sample;
- survey rate > 14.3 is the situation of an exhaustive survey.

In the situation of this study, we focus on determining a *non-exhaustive survey*, in which case the minimum sample size is given by the relation:

$$n = \frac{t^2 \times p \times q}{e^2}$$

where:

- n = minimum sample size;
- t = coefficient whose value depends on the trust threshold used;
- p = weight of the sample components characterised by a certain attribute, in other words, frequency of occurrence of the studied phenomenon (most often the value of p is not known and is considered equal to 0.50, to allot dispersion the maximum possible value);
- q = the weight of the sample components that are not characterised by a particular attribute (Cătoiș *et al.*, 2002) is determined by the relation 1 - p;
- e = margin of error that can be estimated in research.

The margin of error used in the research was  $\pm 3\%$ , which corresponds to a trust threshold of 0.97. Regarding this trust threshold, the value of the coefficient “t” is 2.17.

$$n = \frac{2,17^2 \times 0,5 \times 0,5}{0,03^2} = \frac{4,7089 \times 0,25}{0,0009} = \frac{1,177225}{0,0009} = 1308 \text{ persons}$$

### 3. RESEARCH RESULTS

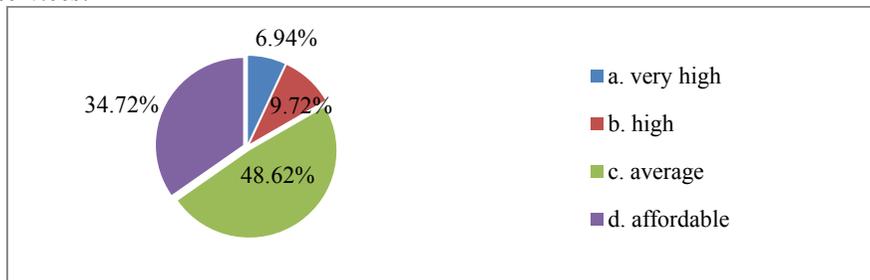


**Figure 1** – Structure of population’s expenses

From the study it was found that the majority of subjects (figures 1) - 45.84% (58.82% of men and 34.21% of women) – *allocate most expenses for food products*, this behaviour being recorded, in particular, among the persons aged 60 and over, that is, among pensioners.

Only 6.94% of subjects (2.94% of men and 10.52% of women) *allocate most of the expenses for household products*.

12.50% of the respondents direct most of their expenses for *footwear and cosmetics*, and 22.22% of the surveyed subjects allocate most of the expenses for *services*.

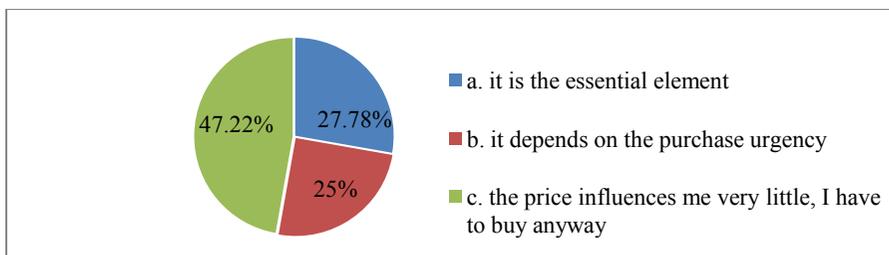


**Figure 2** – Consumer perception of the size of current product prices

Most of the subjects questioned (figure 2) – 48.62% (47.06% of men and 50% of women) – consider that *the prices of the products that are needed daily are average*, opinions shared especially by clerks.

The smallest part of the respondents – 6.94% (5.88% of men and 7.89% of women) – believe that *the prices of the products that are needed daily are very high*, this being, in particular, the perception of workers and pensioners.

9.72% of the respondents stated that the prices of the products that are needed daily are *high*, whereas 34.72% of the subjects declared that the products prices are *affordable*.

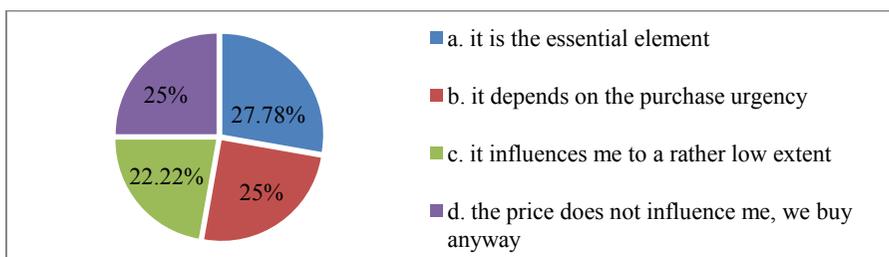


**Figure 3** – The extent to which the price determines the consumer to make the purchase decision in the case of current foodstuffs

Most respondents (figure 3) – 47.22% (50% of men and 44.73% of women) –stated that in making the purchase decision, *the price influences them very little, because they have to buy anyway*, this being stated, in particular, by those aged between 30-39, most of them being intellectuals.

The lowest number of respondents - 25.00% - consider that the *purchase urgency* is the most important element in making the decision to buy a food item, this being stated, above all, by people over 60, namely pensioners.

It should be noted that for 27.78% of the subjects, the price is the essential element in making the purchase decision, even in the case of current foodstuffs.

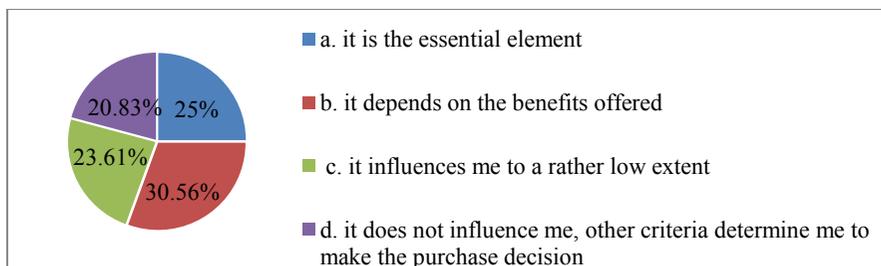


**Figure 4** – The extent to which the price causes the consumer to make the purchase decision in the case of non-food goods

The majority of respondents (figure 4) – 27.78% (26.47% of men and 28.95% of women) – think that *price is the essential element in the case of non-food goods*. This is largely supported by people aged between 50 and 59, who belong to the "other occupations" category.

People who say that the price influences them to a relatively low extent represent the smallest part of the sample, only 22.22%, the majority being people aged between 40 and 49, and they belong to the category of intellectuals.

Those who declare that the decision to buy non-food goods *depends on the purchase urgency* recorded a share of 25%, as well as those who claim that *the price does not affect them, because they have to buy anyway*, this being stated, especially, by people under 20, that is by high school and college students.



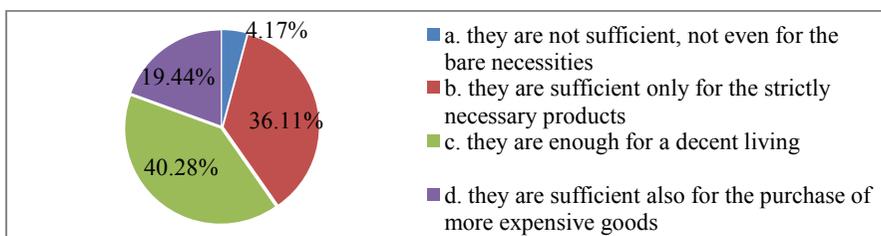
**Figure 5** – The extent to which the tariffs applied determine the consumer to make the purchase decision in the case of tourist services

Among the people questioned (figure 5), the majority – 30.56% (29.41% of men and 31.58% of women) consider that when they want to buy a tourist service, they *take into account the benefits offered*, this behaviour being manifested, especially, by people aged between 30 and 39 and especially by intellectuals.

The least numerous are those who stated that *it is not tariffs that influence them, but other criteria determine them to make a decision* – 20.83% (20.59% of men and 21.05% of women), these being, as a rule, persons between 40-49 years of age.

25% of the respondents said that in making the purchase decision, *the rates of the tourist services are the essential element*, this being stated by people aged between 50 and 59 and, in particular, by workers.

23.61% of the interviewed subjects stated that *the tariffs of the tourist services influence them to a rather low extent*, this being stated, above all, by clerks aged between 40 and 49.



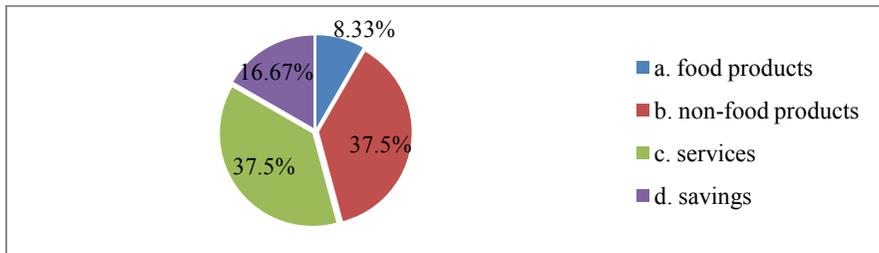
**Figure 6** – Appreciation of one's incomes in relation to needs

Most of the subjects surveyed (figure 6) – 40.28% (41.18% of men and 39.47% of women) – claimed that *their current incomes are enough for a decent living*, this perception on their own incomes being found, especially, in the case of intellectuals aged between 30-39 years.

The fewest respondents – 4.17% (5.88% of men and 2.64% of women) – answered that *the incomes they currently earn are not sufficient, not even for the strictly necessary products*, this being stated, in particular, by the persons over 60, that is by pensioners.

36.11% of the respondents claimed that *the income that they have is enough for the strictly necessary*, from this category, in particular, workers aged 20-29 years.

19.44% of the respondents said that *the incomes they have at disposal are sufficient for their purchasing more expensive goods*, this being stated, in particular, by intellectuals aged between 50 and 59.



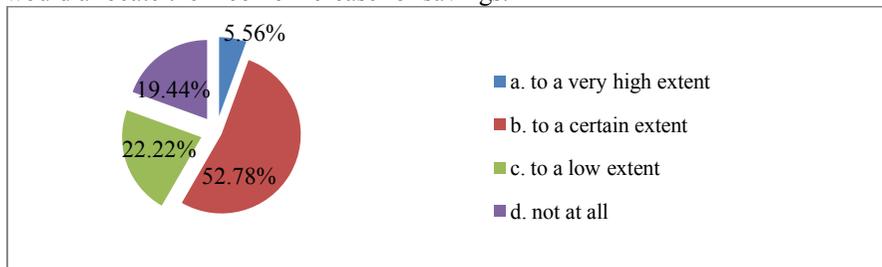
**Figure 7** – Allocation of the incomes surplus in the conditions of their growth (for example, incomes growth by 50%)

Most of the respondents (figure 7) - 37.5% (38.24% of men and 36.84% of women) - stated that if their incomes increased they would allocate them in particular for non-food products, this opinion being shared especially by those aged between 50 and 59.

Also, the same percentage - 37.5% (35.29% of men and 34.21% of women) - said that if their incomes were to increase, they would allocate them for services, and in this case, the highest share is represented by persons under the age of 20, that is high school and college students.

The fewest respondents - 8.33% (11.76% of men and 5.26% of women) - said that if their incomes were to increase, they would allocate this income increase for food, this category being represented in particular by pensioners.

16.67% of respondents said that if their incomes were to increase, they would allocate the income increase for savings.



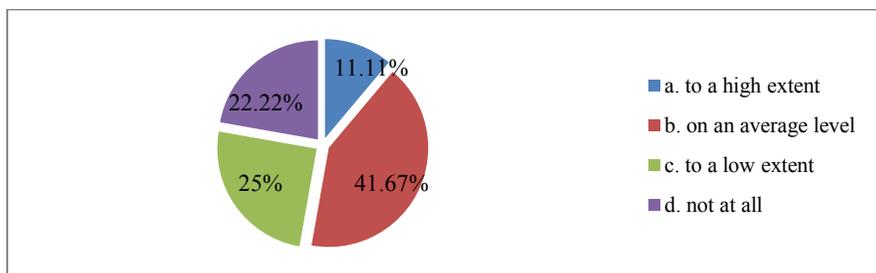
**Figure 8** – The extent to which consumers are affected by the evolution of bank interest rates

Among the subjects questioned (figure 8), 52.78% (52.94% of men and 52.63% of women) affirmed that *the evolution of bank interest influences them to a certain extent*. This is supported, in particular, by persons between the ages of 50-59, from the "other occupations" category.

The lowest weight – 5.56% (2.94% of men and 7.89% of women) – is held by those who claim that *bank interest affects them to a great extent*. As for occupations, the clerks aged between 40 and 49 seem to be the most affected by the evolution of bank interest rates.

It should be noted that 22.22% of the subjects said that the bank interest influences them to a low extent. This is stated by people aged 60 and over, i.e. by pensioners.

Also, 19.44% said that the bank interest rates *do not influence them at all*.



**Figure 9** – The extent to which the evolution of the exchange rate influences the consumers in making the purchase decision

Most respondents (Figure 9) - 41.67% (50.00% of men and 34.22% of women) - say that the evolution of the exchange rate affects them *on an average level (to a certain extent)*. This is stated, in particular, by very young people (under 20) or by the very elderly (60 years of age and over), that is, by high school and college students and also by pensioners.

The lowest share - 11.11% (8.82% of men and 13.16% of women) - is recorded among those who declare to be *largely influenced by the evolution of the exchange rate*, when they have to make purchase decisions, this behaviour being encountered, especially, among workers aged between 30 and 39.

A 25% share of the subjects stated that they are influenced *to a low extent* by the evolution of the exchange rate.

It should be mentioned that 22.22% of the subjects declare that *the evolution of the exchange rate does not influence them at all*.

#### 4. CONCLUSIONS

In most cases it is quite difficult to understand why a commodity or another is desired and purchased by a consumer, because consumers benchmark products and services against different criteria. But no matter how strong the influence of other factors, such as personal, psychological, cultural, demographic, etc., economic determinants and, in particular, prices and incomes play a decisive role in making the purchase decision, even more so in the societies where the living standard is relatively low.

Following the research on the attitude of Resita consumers toward the importance of economic factors in the process of purchase and consumption, we can summarize the following:

- most of the subjects consider that the prices of the products that are needed daily are neither very high nor low, with most of the household spending being allocated to food, which proves the still low living standard of the population of Resita;
- for most consumers of Resita municipality, price is the essential element in the decision to buy non-food goods, and in the case of the current food products, the

price influences them very little, because, according to their statements, "as they are goods that satisfy basic needs, we must buy them anyway";

- for most consumers, the incomes they currently earn are sufficient for a decent living, and if they were to increase, the incomes increase would be allocated, in particular, to non-food products and services or, to some extent, would be saved; the consumers of Resita municipality are not indifferent neither to the evolution of the bank interest, nor to the evolution of the exchange rate, these two variables influencing, to some extent, the process of making the purchase decision.

Therefore, we find that Engel's law and Keynes's psychological law are currently relevant in the case of the Resita population, *the average consumption model still being strongly focused on meeting some basic needs*, and less on the human development needs in the area of culture, education and different leisure activities.

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