Behaviour and decision making of Czech consumers when buying beverages

Chování a rozhodovací procesy českých spotřebitelů při nákupu nápojů

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Abstract: The article deals with the problem of analysis of the factors that influence the behaviour and decision-making of consumers when buying beverages. The analysis was based on data about consumer behaviour obtained within the period of 1993–2004. The secondary analysis involved data collected within the framework of a marketing research project SHOPPING MONITOR performed by the marketing agencies INCOMA Research and GfK Prague in years 1999–2002. Based on the results obtained, it was concluded that hypermarkets were dominating not only as a place of purchasing foodstuffs in general but also as a leading outlet for sale of beverages. Czech consumers preferred Czech brands of beverages and there was a new trend in increasing purchases of tea, juices and mineral water on the one hand and coffee and wine on the other. This indicates a change in consumption habits and reflects an interest in a healthier life style.

Key words: consumer behaviour, marketing research, outlets, beverages, preferences

Abstrakt: Článek je věnován analýze faktorů, které ovlivňují chování a rozhodování spotřebitelů při nákupu nápojů. Provedená analýza vychází z údajů získaných v období let 1993–2004. Při analýze sekundárních údajů byly použity výsledky získané v letech 1999–2002 agenturami INCOMA Research a GfK Prague v rámci marketingového výzkumu nazvaného SHOPPING MONITOR. Na základě získaných výsledků lze konstatovat, že hypermarkety jsou hlavním místem nákupu nejen potravin obecně, ale také hlavním prodejním místem pro nápoje. Čeští spotřebitelé preferují české značky. V nákupním chování existují nové trendy k narůstající spotřebě čaje, ovocných šťáv a minerálních vod na straně na jedné a také k vyšší spotřebě kávy a vína na straně druhé. Oba tyto trendy svědčí o tom, že se nákupní návyky spotřebitelů mění a že se zvyšuje jejich zájem o zdravý životní styl.

Klíčová slova: chování spotřebitelů, marketingový výzkum, prodejní místa, nápoje, preference

Already in our earlier book (Foret 2003), the attention was paid to the problem of decision-making of people when purchasing and consuming beer. The aim of this paper is to analyse in a greater detail the factors that influence behaviour and decision-making of this group of consumers. The national-wide empiric marketing research performed in the autumn of 2004 was focused not only on beer consumption but also of all major categories of beverages.

MATERIAL AND METHODS

This analysis is based on a wide spectrum of data – not only literary but also empricial ones obtained within the framework of marketing research – and it uses different methods of research, i.e. retrieval of literature (desk research), analysis of secondary data, and collection of primary data.

Our own empirical data about consumer behaviour and especially about purchasing of beverages were obtained within the framework of the repeated primary marketing research within the period of 1993–2004. Field data were collected by the means of personal interviews.

The secondary analysis involved data collected within the framework of a marketing research project SHOPPING MONITOR by the marketing agencies INCOMA Research a GfK Prague in years 1999–2002.

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RESULTS AND DISCUSSION

Problems discussed in this paper are extensive and for that reason, they will be analysed as two relatively independent themes. The first one concerns theoretical aspects of consumer's behaviour and decision-making.

Theoretical aspects of consumer's behaviour and decision-making process

Each consumer is different and for that reason he/she makes different decisions within the process of purchasing. Consumers are much influenced by the concrete situations and concrete offers. However, in spite of this, marketing experts use more general *models of behaviour and decision-making of customers* and try to identify the essential effects and factors influencing this process.

At present, the most accepted is the model of *consumer buying decision process*, which divides consumer's behaviour and decision-making into five subsequent stages (Dibb et al. 1994; Sheth et al. 1999):

1. The stage of *identification of needs*. This means that the consumer feels that there is a difference between his/her desires or needs and the actual situation. This process of recognition may be either slow or rapid, depending on the urgency of this need and on consumer's personality. In this stage, significant individual distinctions resulting from different demographic and psychographic characteristics, lifestyle, knowledge, attitudes and motivations of consumers are manifested together with the influences of some macro-environmental factors – socio-economical, cultural and personal (family-related ones). The personal experience and data stored in the memory are important as well.
2. The second stage is the stage of *the search for information*. The obtained information helps to resolve the problem and is acquired from the external environment, mostly from the consumer's surroundings. This means that the information search has two aspects – internal and external. The internal search means that buyers search their memory for data concerning the offer and desired products. However, in this stage very important and of major importance are the external sources of information, i.e. communication with friends and relatives, comparison of brands and prices, data learned from mass media and sellers, advertisement, etc. At the end of this stage, the consumer has a list of brands and prices that are viewed as the possible alternatives, which are evaluated in the third stage.
3. The third stage is called the stage of *evaluation of the individual alternative variant* on the base of buyer's criteria. These criteria involve those product's features that buyers want (or do not want). Using these creteria, the buyer evaluates and ranks the brands and/or products. If the evaluation is successful and helps to define one or several acceptable brands that the consumer is ready to buy, he/she is ready to move on to the next stage, i.e. the purchase. If not, a repeated information search is necessary.
4. The *purchase* stage means that the consumer chooses one product to be bought. Before doing so, some other aspects can be also considered (seller, price, delivery, warranty, service etc.). Finally, the buyer *decides* to buy the product and the purchase takes place.
5. Very important is also the stage of *post-purchase evaluation*. After the the purchase, the buyer begins to evaluate the product and to check if its properties and performance meet his/her expectations and desires. Criteria used when evaluating the product before purchase are applied again during the post-purchase evaluation. This stage then determines whether the consumer is satisfied or dissatisfied and will purchase again.

When analysing the behaviour and decision-making of customers, it is necessary to take into account above all the *width and diversity* of factors, which influence it and it should be said that the attention must be paid to at least the following three spheres:

1. socio-economical determinants,
2. marketing mix,
3. buyer's reconciliation.

Socio-economic determinants

The socio-economic determinants of the buying behaviour function on three different levels –*macro-societal, mezzo-societal* and *micro-societal*.

On the macro-societal level, we can speak about the effects of economic, geographic, legal, demographic, cultural and other conditons determining the space, in which buyer's decision-making takes place. It is quite obvious that in developed countries, the consumers have more space and a greater freedom to make purchasing decisions and to buy. However, in subtropical and tropical countries on the other hand, it is not necessary to look for winter clothing, heating etc.

As far as the mezzo-societal level is concerned, this relates to local difrerences resulting from dif-

ferent habits, traditions, customs and also environment. Regional differences exist above all between urban and rural areas as well as between montane and coastal regions.

On the micro-societal level, we can speak about the effects of individual (personal) and group features such as age group, standard of living, and life style of each individual and his/her family.

Marketing mix

The buying decision process stems from the perceived *needs* and buying (economic) *possibilities* that are to a great extent influenced by the *offer*. In essence, however, the offer involves the whole *marketing mix*, i.e. at least the classical 4 P's (product, price, place and promotion).

This means that when analysing the buyer's decision process, the attention should be paid also to purchased products, i.e. to *what* people buy. This choice is influenced by such factors as brand, quality, design, style and package of purchase products.

The price, i.e. *how much* people must pay when purchasing the product, is another important factor. When thinking about the price, customers reconsider and evaluate if the price corresponds with the quality, if they can afford to buy the offered product etc. If not, they can also try to negotiate about the possible discounts or deductions.

The place is the third component of the marketing mix. This means *where* and *how* is the product presented and offered, where and when it is available and can be purchased, how it is delivered etc., in short, how it is distributed.

The fourth important P represents promotion, i.e. the manner *how* the products are presented, advertised and offered to customers.

Buyer's reconciliations

The buyer's reconciliation takes place in his/her head, in the consciousness of buyers, and is related to the following five things:

– *importance of the need (problem)* – the buyer evalulates, classifies, and ranks the perceived need/desire within the framework of his/her individual hierarchy of values;
– *level of product konwledge* – this concerns the extent of data available about the product and/or personal experience with it;
– *economic feasibility of exchange* – this means if the buyer will be able to satisfy the requirements of the seller (to pay the required price);
– *rational evaluation of planned purchase (exchange)* – what do I expect, which will be the benefit of the purchase, which is the offer?
– *emotional evaluation of planned purchase (exchange)* – which needs, desires and/or expectations will be satisfied by the purchase.

In contradistinction to the first two spheres (i.e. socio-economic determinants and marketing mix), which were of the predominantly economic nature, the third one (buyer's reconciliation) concerns above all psychology. There are three groups of factors that influence the buying decision process and the behaviour of customers (Figure 1).

Marketing mix influences above all the emotional and rational aspects of the internal psychological processes taking place in the consciousness of buyers because it is possible to persuade people that the offered product is unique, attractive, necessary and even indispensable, and that the offered exchange is beneficial for them.

Besides emotional and rational aspects that influence the buying decision process, there is another

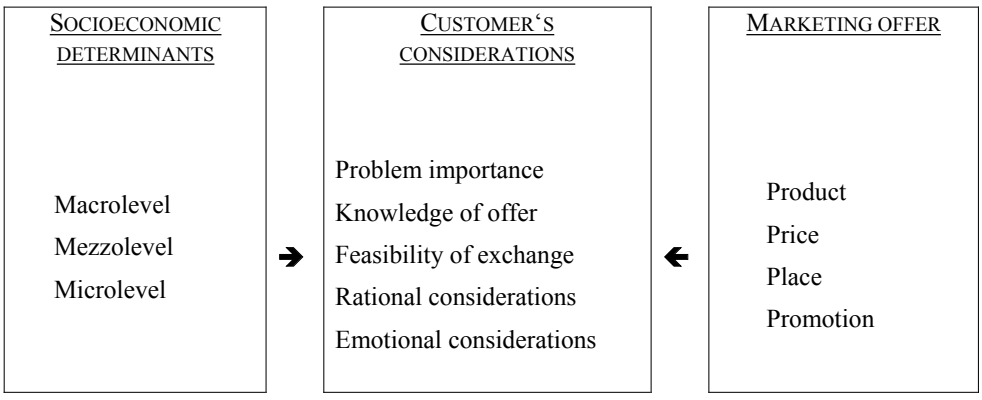

Figure 1. Factors influencing the buying desicision process and buyer's behaviour

important factor – the habit. The routine behaviour occurs within the framework of repeated, automatic purchases of the convenience products that are relatively inexpensive, rapidly consumed and frequently purchased. However, when buying other categories of products (above all shopping products and specialties), people behave more rationally and try to collect a sufficient amount of information and to evaluate data concerning technical parameters of the offered products. They are willing to expend a considerable effort in purchasing these items. They compare individual products, brands, stores, services, guarantees etc. before the final decision. The rational approach can be observed when buying products (cars, appliances, furnite, works of art, cameras etc.), which are expected to last for a fairly long time and are bought less often than the convenience items (Dibb et al. 1994) and also some more complicated services (life insurance, shares etc.). The emotional apaproach also enables that the dreams of buyers come true and that they can satisfy their desires by purchasing jewelery, paintings, perfumes etc.

It can be expected that during the process of decision-making, the buyer takes into account above all such *rational properties of a product* as its safety (benefitial effects on health), ergonomic properties (easy handling), and economy. Also on the emotional level, it is necessary to remember that pleasant feelings (smell, taste, appeal) are very important as well as the effects of fashion, novelty, or even snobism. The above influences concern above all luxury products and specialties; when buying convenience products, however, people behave above all habitually because they are used to buy their food, shoes, clothing etc. in a certain fixed, routine manner and without any comparisons and/or evaluation.

It is also obvious that psychological processes are greatly influenced by the factual, existing, concrete situation and also demographic characteristics of buyers. So, for example, the buying behaviour of elder people is greatly influenced by their habits and the rational thinking predominates over emotional aspects while the young ones are more open to new ideas, new trends and their behaviour is more emotional.

The marketing research project SHOPPING MONITOR 2004/2005, which was implemented by the agencies INCOMA Research and GfK Prague, revealed that when purchasing foodstufs, people are significantly influenced by some aspects of distribution, for example "freshness and quality of goods, price level, assortment and visible presentation of prices". The fact that the quality is more important than price had been already found out in our marketing research concerning purchasing and consumation of beer (Foret 2003).

Purchasing of beverages

Within the framework of a nation-wide marketing inquiry performed in October-November 2004, altogether 1,750 respondents were asked, among others, also about the *buying of beverages*. This inquiry involved the following ten items: *coffee, tea, mineral water, packaged water, soft drinks, cola drinks, juices,beer,wine, and distillates*. Basing on the obtained answers, it was possible to draw the following conclusions:

1. In the Czech Republic, the *most popular and the most consumed beverages are tea, mineral water, and coffee*, which were bought by more than 80% of respondents (only 4% people do not buy tea; as far as mineral water and coffee were concerned, the coresponding percentages of "non-buyers" were 10% and 19%, respectively.
2. *Of medium importance* (more than 70% of respondents) was the consumption of juices, beer and wine. In this case, the percentages of non-buyers were 22%, 27% and 28%, respectively.
3. *Less frequent* (below 60%) were purchases of packed water, soft drinks, cola-drinks and distillates. The corresponding percentages of non-buyers were 34%, 37%, 38% and 40%, resp.
4. As far as the *frequency* of purchases was concerned, mineral water, tea, packed water, beer, juices, soft drinks, and coffeee were purchased daily or at least once a week. Wine, cola-drinks and, especially, distillates were purchased less frequetnly.
5. When buying beverages, Czech consumers markedly *preferred home brands* (78% of all respondents) to foreign ones (only 17%). This means that also in case of beverages in general, the local products are preferred in a similar way as local brands of beer (Foret 2003). This type of preference can be described as a local (beer/beverage) patriotism.
6. The demand for bioproducts was very low (less than 2% of respondents).
7. Coffee was purchased most frequently as ground or instant products (23% and 24%, resp.). The interest in coffein-free coffee and/or coffee substitutes was low (only 5% in both cases).
8. Of the different kinds of tea, black and fruit teas were purchased most frequently (15% and 18%, resp. while the demand for green tea and/or herb tea was relatively low (9% and 7%, resp.).

9. Tea bags were markedly preferred to loose tea packages (38% and 11%, resp.) or even instant tea (only 3% of respondents).
10. Of the different kinds of mineral water, slightly sparkling or non-sparkling products were preferred to sparkling and/or flavoured ones (22% and 16% vs. 13% and 11%, resp.).
11. When deciding about the purchase of juices, cola-drinks, packaged water and mineral water, approximately 1/5 of repondents mentioned that according to their opinion, these beverages could be considered as a *part of healthy nutrition.*
12. On the other side, however, the *habitual purchasing* predominated in nearly two thirds of consumers of beer, tea, and above all coffee.
13. The major part of the responents mentioned that in their opinion the consumption of beverages did not change within the last 5 to 10 years. Nearly one third of them was of the opinion that they consumed more coffee and juices than before while nearly one quarter of them mentioned that their consumpion of beer and distillates decreased.
14. A *healthy life style* was considered to be the main reason of these changes. This factor was mentioned by 35% of respondents while a better offer and financial reasons were mentioned by 30% and 27% of respondents, resp. These trends in consumption of beverages were, therefore, more influenced by the interest of people in a healthy life style than by financial reasons.
15. With the exception of wine, all other kinds of beverages were purchased most frequently in *hypermarkets*. Less frequent were the purchases in supermakets and the lowest number of people bought beverages in the classical (conventional) corner shops. Wine, distillates and beer were often purchased also in specialised shops. In case of wine, nearly one third of respondents mentioned this type of purchasing. Mineral water (51%), tea (48%), coffee (47%), packed water (44%) and juices (45%), i.e. beverages considered to be a part of "healthy nutrition" were purchased mostly in hypermarkets.
16. When analysing the demographic characteristics (sex, age, domicile, social group), no statistically significant correlation was found out. The only exception was the preferrence of beer among males.

It is also interesting to ascertain to which extend is the purchasing and consumption of beverages influenced by other factors, e.g. *price, quality, advertisement, package, brand* and *novelty of products*. The average of all answers revealed the folowing rank of the individual factors under study:

1. quality (26% of respondents)
2. package (22%)
3. advertisement (16%)
4. price (15%)
5. brand (9%)
6. other reasons (7%)
7. novelty (5%).

However, when analysing the reasons of the purchase of individual drinks, the results were different:
- In case of *coffee,* quality and advertsement were the most important factors (43% and 25%, resp.);
- In case of *tea,* quality and package were the most important factors (32% and 26%, resp.);
- In case of *mineral water,* factors brand was more important than quality and price (30%, 28% and 22%, resp.);
- In case of *packed water,* price was the most important factor (30% of respondents) followed by quality and brand (26% and 22%, resp.);
- In case of *soft drinks,* quality was the most important (32%) and the price occupied the second place (21%);
- In case of *cola-drinks,* the situation was the same – quality was the most important factor (35%) and price was the second one (21%);
- As far as *juices* were concerned the importance of quality and price were the same (38% each);
- In case of *beer,* quality was markedly predominating (49%) over price and brand (25% and 20%, resp.);
- The purchase of *wine* was most frequently influenced by its quality (40%) and by the advertisement (22%); finally,
- For the purchase of *distillates,* the most important factor was their package (30%) and the second one quality (23%).

This means that, with the exception of mineral water, packaged water and distillates, quality was the most important of all factors influencing the decision-making process concerning the purchase of beverages. As far as mineral water was concerned, brand was the most important reason of purchase while in case of packed water and distillates, price and package, resp. were the most important factors.

These results (i.e. our soft data) correspond with the results published by the Czech Statistical Office (hard data) about the consumption of beverages within the period of 1995–2002 (Table 1).

These statistical data clearly indicate that the annual consumption of non-alcoholic beverages is many times higher that that of the alcoholic ones. Besides, the consumption of non-alcoholic beverages increases more quickly than that of alcoholic ones. Within the

Table 1. Changes in consumption of beverages within the period of 1995–2002

Beverage	Unit	1995	1997	1998	1999	2000	2001	2002
Coffee	kg	2.3	2.5	2.5	2.6	2.4	2.6	2.5
Non-alcoholic beverages	l	121	147	158	180	206	220	246
of that mineral water	l	18	26	35	41	47	50	54
Alcoholic beverages	l	9.4	9.8	9.8	9.9	9.9	9.9	10.0
of that distillates	l	7.9	8.3	8.2	8.3	8.3	8.2	8.3
Wine	l	15.4	15.9	16.0	16.1	16.1	16.2	16.2
Beer	l	157	161	161	160	160	157	160
Tea	kg	0.3	0.3	0.3	0.3	0.3	–	–

Source: Statistical Yearbook of the Czech Republic 2004

period of *1995–2002, the consumption of non-alcoholic beverages increased more than twice and that of mineral water increased three times. On the other hand, the consumption of alcoholic beverages increased only very slightly (from 9.4 to 10.0 l).*

CONCLUSIONS

It can be concluded that *hypermarkets are dominating not only as a place of buying foodstuffs sale in general but also as a leading outlet for the sale of beverages. It is also of interest that Czech consumers prefer Czech brands of beverages. There are new trends in this branch and, moreover, an increasing interest in purchases of tea, juices and mineral water on the one hand and coffee and wine on the other seem to indicate a change in consumption habits and reflect the effects of healthy life style.* It is also obvious that a special attention should be paid to these changes and to studying in detail the problems concerning the present lifestyle of Czech population as related to purchasing in suburban shopping and entertainment centres and hypermarkets.

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