Modelling and Analyzing Consumer Behaviour Employing Observational Data

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ABSTRACT

The purpose of this article is to investigate and model retail consumer purchase behavior and determine factors affecting the purchasing decision. The following hypotheses were verified: H₁ tests the influence of “Decision-making Time” over “Final Purchase”. H₂ tests “Promotion” over “Final Purchase”. H₃, H₄ and H₅ were established to test the influence of demographic characteristics (respectively: Age, Nationality, Gender) over “Final Purchase”. SPSS 23 was used to analyze the collected data from the observations completed in the supermarket. In order to identify the explanatory power of the variables, a Logistic Regression model was developed. Empirical findings indicated that demographic characteristics (Age, Nationality, Gender), as well as “Time” and “Promotion,” have a significant effect on “Purchase” and that “Time” has a greater impact on “Purchase.” These results could be used to design marketing strategies in order to increase sales. However, a few limitations occurred during the study such as observation timing, the unicity of location and observers’ subjectivity.

KEYWORDS

Consumer Purchase Behavior, Decision-Making, Final Purchase, Logistic Regression, Modelling, Promotion, Retail

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1. INTRODUCTION

Supermarkets are of great importance these days. Indeed, the consumer can benefit from the low-price product due to the retailers’ competition. The huge amount of diverse products regrouped in one supermarket can make it easy for the buyer to profit from the diverse choice.

Meanwhile, the retail industry and especially retail outlets are getting more competitive.

Modern retailers typically make a variety of strategic level decisions including the type of store, the market to be served, the optimal product assortment, customer service, supporting services and the store’s overall market positioning.

In order to succeed on the market, supermarkets should attract more customers but also gain their loyalty. To achieve that goal, consumer behavior should be examined. Predicting buyers’ behavior can make marketers have partial control over purchasing ability. This leads to higher marketers’ profits.

This study will address the following issues: How can we understand model purchasing behavior? And what are the influential factors?

The general objective of this research is to emphasize the relationship between final purchase and critical factors that may have an impact on it. Three main objectives will be reached:

- To measure the influence of “Decision-making Time” towards “Final Purchase”
- To examine the impact of “Promotion” towards “Final Purchase”
- To determine the effect of demographic characteristics (Age, Gender, Nationality) towards “Final Purchase”

The related literature review illustrates different factors that trigger consumers to buy.

Meanwhile, this research paper contributes to the literature on the following points: First of all, the data was collected by applied observation as a methodological approach. Secondly, purchase decisions were examined in the context of final purchasing decisions that depended on factors that can be easily observed and noticed. Finally, the data were collected in the Greek supermarket and by noting purchases of local products as well. Furthermore, the outcome of this research can be applied to compare other product categories, stores etc.

2. THEORETICAL BACKGROUND

2.1. Consumer Decision-Making Process

Consumer behavior is the study that provides responses to the following questions: how, what, when and why people buy (Kotler, 2008).

Consumer behavior efforts try to understand the decision-making process of purchasers (individuals and groups) by investigating the features of individuals, such
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