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QUALITATIVE RESEARCH TO ESTABLISH THE APPROPRIATE MIX OF THE DIY DEMAND IN ROMANIA

Case
Study

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Abstract

The modern concept of marketing starts from the premise that any economic entity has to focus its attention on the management process that identifies, anticipates and satisfies the customer's requirements in an efficient and profitable way. Any economic entity operating within a market must incorporate the function that recognizes the requirements and aspirations which were not achieved so far, then defines and measures their potential for profitability in order to meet the needs of consumers. In this context, the purpose of the paper is to provide an overview of the issues that appear to be more challenging and frequent within the DIY market in Romania. For this reason, companies are investing heavily in market research to find answers to a number of very important questions such as: Why are some products purchased? When are they purchased? Where are they purchased from? All these questions need to be seriously dealt with and analyzed by the marketing team within any company so as to respond to the difficulties faced by managers in choosing an optimal solution.

INTRODUCTION

In the past (Duguleană and Duguleană, 2008), the marketing climate was different, as marketing people were in direct contact with consumers by offering them daily the products that were the subject of the request. Instead, today, with the development of markets, marketers have come to the conclusion that the center of the marketing universe is made up of the buyers not the sellers.

According to Kotler and de Bes (2004) in order to better understand consumer behavior, marketers must use their knowledge of demographics, psychology, culture, and social influences to better understand needs, perceptions, preferences, and behaviors.

Marketing research (Florescu et al, 2003) is the formal activity involving the use of scientific concepts, methods and techniques of investigation, it is also systematically accomplished the specification, quantification, collection, analysis and objective interpretation of marketing information, aimed at leading economic units to know the environment in which they operate, identifying opportunities, evaluating alternatives to marketing actions and their effects.

Qualitative research (Lefter, 2004) are carried out in the initial phase of examining a problem, their primary objective being to clarify the nature of this problem and to provide meaningful information from a qualitative point of view. The main objectives of these researches are: drawing up the main aspects of the research problem and diagnosing the situation; identifying hypotheses for future quantitative research; exploring perceptions, attitudes and values; testing product concepts; identifying the alternative and analyzing it; identifying new ideas for products or services and improving the existing ones.

METHODOLOGY

The paper presents the recommendations from the literature on the methods and the research tools used in this study. The qualitative method analyzes: exploratory research based on the case study technique and research to investigate attitudes, motives and behaviors based on the focus group technique.

The qualitative study (Balaure, 2002) aimed at describing and understanding the perceptions, attitudes, motivations and opinions regarding the marketing mix on the DIY market. The qualitative study (Constantin, 2009) is an exploratory one with the purpose of correctly formulating the problem, building the tools for quantitative research, and identifying conjunctions that can materialize in assumptions tested by quantitative study. In

addition, qualitative research, unlike quantitative research, allows to know the motivations and profound meanings of attitudes, behaviors, preferences and opinions, approaching reality in an interpretative manner, with the aim of highlighting significant aspects.

The qualitative research (Catoiu, 2002) was based on theoretical sampling. The research was conducted in two sessions, using two groups, each group consisting in 8 people, with criteria for selecting the participants being: age, occupation and belonging to the DIY field. The Focus group was conducted with participants from relatively homogeneous socio-professional categories in order to avoid the effect of inhibiting or monopolizing the conversation

THE LIMITS OF THE QUALITATIVE RESEARCH

The main limit of the qualitative research comes from the nature of the method (Constantin, 2012), which makes the results and conclusions not representative and not generalized at the level of the population, remaining under the guise of hypotheses that can be validated or invalidated by wider future research. Another limitation was the fact that time frames and locations could be synchronized with all the participants because of the busy workload of the respondents, which led to weekend interviews, the evening after the end of the work program, which could have influenced the quality and motivation of answers.

Other possible sources of assumed errors are: the particularities of the moderator, the social status of the respondents, the selection criteria of the respondents and the subjectivity of the researcher.

RESULTS AND DISCUSSION

Analysis of the first group

Within the first 10 minutes, the moderator proposed to initiate participants in the research topic. First, he tried to get information about the DIY concept, about how each respondent perceives this DIY field in order to identify the main DIY directions for each topic of the interview.

Participants believe that the notion of DIY has a wider meaning, attributable to all activities consisting of house planning and building from scratch, comprising more or less complex operations and materials. Respondents also associate this concept with multiple operations involving several product categories, such as building materials, tools, interior or exterior fittings, gardening items that normally require some training on how to use them, but which can

also be used by an inexperienced person.

In general, participants read DIY articles because they want to be up to date with other DIY companies such as: prices, advertisements, promotions offered by DIY retailers.

The online environment is the main source of information used by respondents to read DIY articles and to find other relevant DIY information. Another important source is represented by an intranet owned by most DIY retailers, and through this intranet employees receive such articles and news. Also, television and magazines in both physical and online form are other important sources of information.

The majority of respondents said that the DIY market is a dynamic field, as there are several DIY stores currently operating on this market, some of them bigger, such as Dedeman, Brico Depot, LeroyMerlin, Praktiker, Arabesque, Hornback, and among the smallest are: Recobol, Serstil, Tekzen, Jysk.

To the moderator's question about the main ways of promotion used by DIY retailers, responses became heterogeneous, the common point being the internet. There are multiple ways to promote, but the latest and most modern way to do that is the internet. The internet is everywhere, and it is available to everyone, and who does not have access to the internet does not exist. Several respondents believe that the new generation of young people will no longer read newspapers, suggesting that the internet will become indispensable and very effective.

The Romanian consumer is accustomed to the newspaper or magazine, he likes to browse the written advertisement, and then this promotion can be considered efficient, but the promotional. Catalogs have high costs through printing and distribution. In this situation, many DIYs have abandoned their realization, a relevant example being Leroy Merlin. However, this decision did not trigger a decrease in sales.

An important aspect of promotion can be corporate responsibility that can help promote DIY retailers. For example, Dedeman has made a lot of progress and has carried out several social responsibility actions such as: supporting education by offering scholarships to students, taking care of the elderly and orphaned children, these actions having a huge impact on the public.

A suggestion offered by the participants of the study to DIY centers would be to focus more on promoting on the internet and social networks (Facebook). Also, to invest as much as possible in promotional arrangements such as: display on public transport (buses), street billboards, television, radio-which is widely used by the population during transport to the workplace.

The available information about the prices of DIY stores indicates a very high competition at this

moment, with low prices and high prices depending on quality. Currently, the most important aspect is the quality-price ratio. One participant believes that there is no high price or low prices, being a fairly quality-price ratio. Currently, DIY prices reflect reality, being bearable.

Prices vary from one DIY shop to another, customers usually looking for the lowest price. Generally, customers buy quantity not quality, they prefer to buy wholesale because the piece price is higher than the price of a package or pallet. If we analyze the price of the product at the end of the production process with the price of DIY stores, it doubles or triples. If the customer buys a grinder to cut a few plates and after this process the tool stops working, there may be conflicts between the firm and the client.

On the other hand, there are situations in which DIY centers are abusing the customer in terms of warranty services. For example, a participant testifies to having bought a power saw from the competition, specifically from Dedeman, and after a single use according to the instruction manual, this power saw ceased to work and Dedeman asked the customer to pay the repair price.

The range of products of the DIY centers is based on common products and all of the basic DIY activities. Instead, if the customer is interested in more sophisticated products, then it'll be more difficult to find, only based on an order. The products are exposed on special areas so that the acquisition process is easy and the products are identified in a short time. At the moderator's question about trends and potential customers, then it is very important to bring challenges in the DIY market, the respondents came up with similar opinions. The answers did not surprised the moderator, because the group's homogeneity would normally have to lead to them, given that the participants are operating on this market. The DIY market will focus in the future on its own product range meaning that one store will only sell products under its own name and these products bring the biggest gains. DIY Centers will also promote the cheapest products to highlight among customers that in a particular store the cheapest products are found.

In the future, this kind of store will focus on quantity, the customer visits a store to look for a product and if the price is high, the customer will go to another store to look for a lower price. Technology will have a special influence, meaning that the innovative and more performing products can be developed also tailored to the needs of buyers.

The main challenge will be to bring something new, the one who comes first with a novelty, will catch up quickly among customers. Generally speaking, customer feedback is very good, for example if a customer recommends a new product

to another 20 something new. When you're promoting a very efficient product that is owned just by you, the rumor spreads and DIY buyers will no longer go to the competition and they will want to buy the products from your store. Thus, these new products will have a significant impact on other products because customers who have a pleasant experience with a particular product will consider the other products are going to make the same impression.

Participants believe that the number of DIY stores will slowly grow and will not be an explosion as in 2008, before the crisis when the vast majority of retailers opened stores in all cities. After the economic crisis, things have settled and there is no such bigger effervescence on the market to open stores. Nowadays, far more complex research is being carried out, and the decisions taken are much well-grounded.

The number of stores is relevant in terms of market share. For example, if in a city there are 3 Dedeman stores and one Arabesque store, it is clear that in the long run it is possible that the Arabesque store will disappear from the market. A determinant factor being the size of the city, Dedeman plans to open another store in Braşov in the Steagu area. At one point, it is possible that the number of stores may suffer because the population is significantly reduced due to the migration phenomenon and also the population ages and the purchasing power decreases. Store chains are influenced by the living standard of the population, meaning that if this level increases, customers will want to buy more homes, renovate houses, etc.

The moderator sought to get permanent feedback from the respondents about the main factors that contributed to the success of Dedeman. A factor that has played a decisive role is that it is a Romanian (native) brand. Customers generally buy from Dedeman because it is a Romanian store. A participant reports a situation he faced during his working period at Obi, a DIY shop. The moment a customer heard of Obi had the following reaction: "Who is this company? I'm going to Dedeman!"

The customer had this reaction without arguing, there were situations where the products were at a much lower price at Obi, but the customer chose to buy from the Dedeman shop because it is Romanian investment. At the beginnings of the company this aspect helped Dedeman enormously. Currently, all stores are promoted on several channels: TV, Internet, and in terms of prices there are no such differences, the maximum difference being 1-2 lei strictly for the same product.

All retailers have invested in advertising and there is no firm that does not invest in advertising. Even though customers have seen more ads with Dedeman, this has not helped them a lot. Another aspect that helped Dedeman very much was the huge store space that allowed a wide range of

products. This advantage is a great help, and nowadays it really pleases customers because they find "everything under the same roof." This concept of "all under the same roof" is very important because customers are searching from simple to complex products, they find everything in this store, even if they are going to another store and find cheaper products, customers will no longer go there for a second time because it is a great discomfort for the customer and then he will buy from Dedeman.

The structure of the product range is very important for DIY retailers and it is a competitive advantage to have a wide range of products as it offers the customer the opportunity to buy all the necessary DIY products without having to visit more DIY centers. The success of the company is due to its very effective promotion over time, with the ability to promote the right products for the right people. The company also benefited from customer recommendations, due to the fact that this company had market performance.

The main criteria according to which the choice of a DIY brand depends are: product quality, price, product characteristics, customer need, availability, product range diversity, employee proficiency, services, etc.

The Internet has influenced the DIY market by increasing sales and facilitating the procurement process. The online environment had a significant influence, thanks to the Internet appeared software that design your kitchen, and can also offer virtually a simulation of a house arrangement. Through the Internet, companies have become more visible and have come to be known among customers.

Participants believe that services are of great importance to customers and the most important DIY services for the customer are: customer advice, transportation, professional fitting, rental of tools, paint mixing, warranty services, virtual design services.

The moderator tried to pursue the quantification of buying intentions from the main DIY stores. In this regard, he tried to review the main arguments that will determine the processes of purchasing the products. The respondents said they would buy DIY products from Dedeman because they offer a wide range of affordable products and services, offer quality products, there are many shops across the country, and ultimately because they represent a Romanian brand. Another retailer to buy from is Hornbach because the store has great customer deals and promotions, offers professional advice and has a diverse range of products.

Respondents believe DIY stores are deficient in some chapters. For example, two of Dedeman's weaknesses in customer satisfaction include the process of granting guarantees and waiting times at cash registers.

A weak point of Hornbach refers to low-skilled staff who, in the long run, can cause quite large problems among buyers. The company Brico Depot faces the same difficulties in terms of staff and waiting times at cash registers. Instead, Leroy Merlin has a low range of products and high prices. In the final part of the discussion, the moderator used the thematic aperture technique, the respondents being invited to describe what is happening in the two images received. Participations claim that the first image describes a person who wants to buy DIY products, this reflects the fact that there are more retailers and so many possibilities. The quality of DIY products and services varies from one retailer to another and therefore the customer will be indecisive, will not know what products to choose.

The second image is perceived as an association between the web, customer and DIY products. Considering this association, the buyer has the ability to find products much faster, both physically and virtually.

The last minutes were given to the participants to express those unspoken views during the conversations and to draw together with the moderator the conclusions and proposals of the group interview. Generally speaking, expressed remarks reinforced the relatively positive attitude of the participants towards the work done by DIY retailers.

Analysis of the second group

The second group included 8 members, participants aged between 25 and 55 years. The interview guide has been complied with, so that the order of the subjects is the same as that used in the first group.

The first part of the discussion aimed to introduce the participants in the focus-group game, the moderator paid more attention to the one given in the first group.

In the first 15 minutes, the moderator proposed to initiate the participants in the topic approached for research. As a first step, the moderator tried to get information about the DIY concept, about the amount of information regarding DIY and the main players acting on the DIY market.

Respondents say that the DIY (Do It Yourself) concept is a relatively new trend in Romania (the DIY market is a "young market") that refers to the desire and ability of people to repair different objects without buying the finished product and without the help of a specialist. At present, DIY is not just saving money, it is a passion for dedicating time to finally enjoy a unique item made by your own hands. Participants also consider DIY to be a complex area where customers want to undertake certain actions such as building a house, interior or exterior arrangement of a home or setting up a garden.

Most of the participants claim that quite often they

read articles about DIY on the internet and they also receive some DIY articles and magazines from the competition in the mailbox and they use this occasion to study the prices and offers of the competition. Another participant says that he reads DIY when he is going to carry out a renovation or construction work and in this case looks for information about the products he is going to buy, in order to find good quality products at advantageous prices. In this situation, he also discusses with various friends and acquaintances to find as much information about products as possible so that the purchase is as appropriate as possible.

The largest DIY companies have cumulated annual sales of 2-3 billion euros. The retail market in Romania has been growing each year, a significant contribution to these positive results being made by DIY retail. Last year, locally, there was a 12 percent increase in the retail sector, so Romania is one of the most dynamic markets in the region.

Dedeman and Arabesque, Romanian-based companies, as well as Praktiker, Leroy Merlin, Hornbach and Brico Depot - companies with foreign capital are among the most well-known DIY retailers among the participants. Smaller DIY companies such as: Recobol, Conrep, Serstil, Jysk also operate on this market. These companies have smaller stores, with a narrower range of products and focus on items in specific areas such as: construction, sanitary facilities. For example, there are several building materials in the Arabesque store. In small shops, customers can find a variety of products in a particular category that are not found in large stores (in the small shops you can find a 25 m pipe and in the big stores only 2.5 m).

When asked by moderators how respondents learned about these DIY centers, responses became heterogeneous, most of them found in the workplace because they are interested in the activity of the competition. They confess that it is often necessary to visit competing stores to observe price levels, product news, promotions, etc.

The promotion methods used by commercial centers are: advertising, TV publicity, radio, DIY magazines, catalogs, recommendations, street display. Although not all companies have an annual product catalog, Brico Depot has such a catalog. Several DIY centers have dropped out of advertising through magazines distributed in the mailbox and are switching to another level: telephone advertising. Through this method of promoting, the customer has access to new information, new products, and promotional prices. Brico Depot offers to customers a loyalty card. Customers that have this card receive a message through telephone with all new offers and information on price change.

Brico Depot organizes weekly a workshop called "Brico Atelier" where employees perform certain

operations from scratch to completion such as parquet installation, fitting etc. This workshop is organized on Saturday, because most of the clients are free from work, and the result of this promotion is the one expected, with a large audience taking part in this workshop. Such a workshop is also organized by Hornbach. Instead, Leroy Merlin focuses on using home-based catalogs, this method being effective as the customer is kept up to date. Retailer Leroy Merlin is not currently using a demonstration workshop such as Brico Depot and Hornbach.

Participants believe that the most effective and cost-effective method of promotion is through recommendations. If the customer is satisfied and satisfied, he will recommend the DIY store to others.

A suggestion for promotion would be that more DIY companies use phone call-centered promotion on budget structures. It would also be ideal to promote through prices, more specifically through the good price, but advertising must be sincere because there are still cases in which shelf prices do not coincide with those in the advertisement.

DIY shops generally practice small market prices, they do not differ greatly from one competitor to another and depend on quantity. Through these low prices, companies are trying to attract customers but they have difficulty in stocks. When the company offers a convenient price then the customer wants to buy an industrial quantity, but in stores there is no such quantity that the customer requires. The time interval is high until the products come from the supplier, the customer in this situation does not wait and goes to competition. Due to the evolution of the online environment, the client follows the product price very carefully and through several clicks it can compare with the prices of the competition.

DIY employees go to competing stores to "spy", and then prices are balancing, so there is a small price difference between DIY retailers. For example, in the case of BricoDepot, if the price of a main product (a bathtub) is similar to that in other shopping centers, additional more expensive complementary products (a hose, a battery) that are sold to the customer can be added, thus obtaining an advantage. In the case of Hornbach, the situation is the same, in the sense that, when the customer purchases a main product (basic), he is convinced by staff to purchase complementary products from the same store.

An important aspect of prices is represented by the services that are included in the price most of the time. The adjacent services are very important to customers and sometimes the service is more important than the product itself. For example, there are cases where a crane is required for loading, and if the DIY Company does not provide the required service, it has lost the customer.

Respondents consider the range of products found in DIY stores quite varied providing everything that is needed for a home. A weak point of Hornbach is furniture, instead Dedeman has this product category on sale and once again the customer has to go to Dedeman. Most customers prefer to find all the products under the same roof, this concept being very important and must be taken into account by DIY centers.

As regards the distribution of goods, important issues such as stocks and fleet of cars must be taken into account. In the case of Hornbach, customers often ask for transport, and the company cannot arrange for transport on the same day. Many times the order is conditioned by the transport, so if the products cannot be delivered on the same day, the customer can give up the order.

Participants believe that the internet, although it represents an advantage, can also be considered a challenge for DIY companies that want to expand into the online environment because there is a big difference between the physical purchase experience in which the customer has the ability to test the product, . In the case of corporate clients, the online environment can offer the possibility to purchase products via the internet. This opportunity can be cost effective especially for customers who order the same products every time, because this way of buying saves time and money.

In the long run, the online environment will have a significant development because young people currently aged 20-30 will mature and they will become future customers who will build or equip a house. In the future, DIY stores will try to diversify their range of products so that they slowly reach a range similar to that owned by Dedeman.

The "survival" can also be considered a challenge on the DIY market as there are currently a large number of companies (large-sized and small-sized) and the DIY market is a dynamic field where major changes occur in a short period of time. In the future there may be a stagnation in terms of development, and DIY centers will not open stores at an alert pace. Purchasing power is small in relation to necessity which is quite high. Instead, the range of products that is diversified offers solutions for any type of budget.

The participants are of the opinion that Dedeman retailer remained the leader of the DIY market primarily due to 80% suppliers in Romania, this contributed to lower logistics costs. Another argument that proves the leader position is the very high level of money circulation due to the wide range of products, at present Dedeman has the most varied and diverse range of products.

The strength that ensures Dedeman's position on the top of the rankings is that stores are company own investments, the company does not have leased spaces. Another factor that contributes to the detachment from the competition is the large

number of stores that Dedeman has, there is no year in which the company does not open at least one shop.

An important aspect that produced a distance between Dedeman and the competition was the fact that it is a Romanian (domestic) company helped by the clients' mentality ("Let's go to Dedeman because they are Romanians").

The next question tried to capture the future directions of the DIY market. Participants believe that in the last years there has been a revival of the DIY market since all large companies have grown on account of the increase in sales of flats and new homes supported by the "First Home" program because the houses were built and those houses must be furnished and so the construction companies and the DIY companies had a lot of work.

The DIY market is closely linked to the construction market, it has even increased by 10% in one year, as many buildings have been built. It is likely that in 5-10 years there will be a new economic crisis on this market because Dedeman has diversified its investments. Retailer Dedeman bought shares in Transelectrica, invested in agriculture by working with a company from Moldova. All of these investments have the role of anticipating an economic crisis with well-developed strategic measures and capital from other areas to support the stores.

The criteria according to which a DIY store is selected are: price, quality, brand, suppliers, need or concept of having several products under the same roof.

Dedicated to buying DIY products, the participants confess that they would purchase the necessary materials from a store that offers a complex range (Dedeman), and the strict necessities such as a brush can be purchased from any store. A participant would instead buy products from a large DIY center to cover its material needs and meet its requirements, such a Hornbach store if the primary criterion of the purchase is quality and a backup option would be Brico Depot.

Currently, customers are increasingly focusing on services. Customer counseling is a very important service, many customers are dependent on this service. Delivery at home has a strong impact on customers where it is free. According to the participants, the online environment had a strong impact on the DIY market, bringing major changes in sales, marketing, costs, customers, etc. The online environment has positively and negatively influenced this market, with the positive influence being a higher percentage. The Internet offers the opportunity to present more products, reduce promotional and handling costs in the store. Brico Depot has several customers who build remotely and prefer to order online.

Until now, the online environment has significantly

influenced marketing, a convincing example being the replacement of printed catalogs with an online one or the emergence of internet advertising with low cost to television advertising. In conclusion, we can say that the online environment is the future, and this environment can represent the battlefield where the fight will take place.

A question that inevitably shows the performance of companies was: "Which DIY center would you recommend to a friend?". The answers received from the participants were not very surprising, the respondents would recommend Hornbach because they offer high quality products and a wide range of services for building a home from transport to paint mixing. Another preferred dealer is Dedeman, as customers are able to purchase all the necessary materials and can also get free shipping for orders over 500 lei. Dedeman also offers a full range of products and large stock at good prices and superior service.

CONCLUSION AND RECOMMENDATIONS

The qualitative research first provided the basis for quantitative research, contributing to the restructuring of DIY dimensions and the formulation of assumptions for quantitative research.

The results of the qualitative research have revealed a knowledge of the general aspects, regarding the DIY, the main categories of products and DIY operations. The respondents at the level of the two groups outlined a definition of the DIY concept that refers primarily to the desire and ability of people to repair different objects without buying the finished product and without seeking the help of a specialist. At present, this notion has an ample meaning and can be attributed to all the activities of setting up houses and building them from scratch, including more or less complex operations and materials. This concept is associated with a multitude of operations and areas that incorporate a variety of product categories such as building materials, tools and tools, interior or exterior fittings, garden products.

Most of the respondents stated that they have at least one experience at different DIY centers in Braşov County, they have purchased various products such as: building materials, interior fittings, gardening products, electronics. Among the most well-known DIY retailers are Dedeman, Arabesque (Romanian companies), Praktiker, Leroy Merlin, Hornbach and Brico Depot (companies that have foreign capital).

The online environment is by far the most modern and popular way of promoting becoming the first choice for DIY centers, and surpassing marketing environments with a much longer history such as television, newspapers and radio. DIY companies

also use broadcast advertising through television, radio, and specialist magazines. Several DIY stores have given up advertising through magazines distributed in the mailbox and are going to another level of telephone advertising in which the customer has access to new information, new products, promotional prices.

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