

CHARACTERISTICS OF THE CONSUMER PREFERENCES RESEARCH PROCESS

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Abstract

Information is one of the most important resources that a company must possess. Some information is hidden deep in the black box - the mind of the consumer, as in the case of information about consumer preferences. Although it seems a concept difficult to grasp, it was shown that consumer preferences can be effectively measured and their research may provide a deeper understanding of the choices that consumers make when deciding to select an offer against another and when deciding to continue in time the relationship with one supplier. The following paper reveals some important aspects regarding the use of information regarding consumer preferences, the fundamentals behind consumer preferences research and the milestones in the consumer preferences research process.

Keywords: *marketing research, consumer behavior, consumer preferences, dimensions of consumer behavior*

JEL Classification: M 31

Introduction

Studying the consumer's behaviour is not an easy task at all, and even less simple is observing only one aspect of this behaviour, like in the present case, the consumers' preference for a certain product, label or organisation. Along the research consumers may express their needs and desires and still may act in a totally opposite way; at times, it's possible that they aren't even aware of the true motivations behind their buying behavior, or they could react to factors determining last minute changes to their buying decision. Although the consumer decisions are relatively easy to notice and quantify, the psycho-physiological processes behind them are very difficult to take into account¹.

Research related to consumer behavior looks upon its different dimensions and their relationship. The final aim of these investigations is to foresee and channel the future reactions of the demand agents, for a precise correlation between demand and supply. In this respect, all dimensions that lead to the manifestation of a certain behaviour must be studied and understood. Each of the dimensions of the consumers' behaviour we want to focus on within a marketing research imprints on it with certain specificity, a special way of approach. Therefore, the features of the consumers' preferences mark the conducted studies with certain specific features in this sense, which we must take into consideration when elaborating and conducting these studies, in view of observing the essence of this dimension of the consumers' behaviour.

1. The necessity of knowing the consumers' preferences

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¹ Kotler, Ph., 2008, *Marketing Principles*, Teora Publishing House, Bucharest.

The preferences of the consumers are a positive motivation, expressed by the affective compatibility towards a product, service or trading form. We're not dealing with an internal bodily function, but a quality of objects that aims to fulfill our needs, quality acquired within the connection between man and the merchandise able to fulfill these needs.

Preferences can be triggered by: the features related to the material substance of the goods (shape, size, print, taste, colour, consistency, package, etc.); elements referring to label, name, use instructions that accompany the product; the statute granted to the person owning and using that particular product¹. Theoreticians, at some point, had the tendency to limit the preference to the concept of choice; however choice and preference are two radically different entities: the first one is an action and the other one, a state of mind². Preferences are the result of a long-term relationship between the brand and the consumer, as the latter learns to associate the brand with a symbol and perceive it as having high quality. Following these deep connections created over the course of time, a strong emotion is developed which lies on the basis of preferences, remaining present even in the absence of the friendly symbol or of any other component feature.

Although a hardly comprehensible concept, it has been demonstrated that the consumers' preference can be measured effectively, and that their study can provide a more thorough understanding on the choices consumers make, when they decide to select a particular offerer as against the other, or even when they decide to continue the relationship with the offerer in time. Additionally, conducted studies have established various concepts related to the preference, such as the concept of the formed preference which underlines the idea that the consumers' preferences are not better defined, but rather formed along the process of choosing, a constructive point of view which suggests that different tasks and contexts highlight different aspects of the options, the consumer concentrating on different considerations leading to inconsistent decisions³.

Knowledge of consumer preferences is especially important with respect to the various activities carried out at the organizational level, necessary for its survival. For instance, if an entrepreneur must determine what features must have the product he wants to create, he will interview more potential buyers, asking them to mention the level of preference for each separate feature. The consumer preferences and behavior represent the basis of the pretesting models for the new products (ASSESSOR, COMP, DEMON, NEWS, SPRINTER), which implies determining the functional relationships between the buyer's opinion concerning a product, testing it and the purchase behavior. The level of preferences is one of the variables that need to be taken into account when identifying the strong and weak points of the competitors. By measuring the consumer preferences before and after carrying out an advertising campaign, the transmitter may evaluate its success or failure⁴. The preferences towards certain products or brands may constitute the theme of a survey supplying information concerning the relative non-consumers, since attracting these represents an important means of increasing the sales volume up to the maximum limits of market potential. The companies constantly increasing the level of reminding and of preference shall attain an

¹ Cătoi, I, Teodeorescu, N, 2004, *Consumer Behavior*, Second Edition, Uranus Publishing House, Bucharest, pag. 22.

² Hansson, S.O., Grüne-Yanoff, T., 2006, *Preferences*, Stanford Encyclopedia of Philosophy, 4 October 2006, <http://plato.stanford.edu/entries/preferences/>.

³ Novemsky, N., Dhar, R., Schwarz, N., Somonson, I., 2007, *Preference Fluency in Choice*, Journal of Marketing Research, Vol. XLIV (August 2007), 347–356,

<http://www.atypon-link.com/AMA/doi/pdfplus/10.1509/jmkr.44.3.347>.

⁴ Kotler, Ph., 2008, *Marketing Management*, Teora Publishing House, Bucharest.

inevitable increase in market share and profitability. The size of profits is less important than managing to consolidate consumer preferences towards its products¹.

More frequent are the situations that emphasize the necessity of knowing this dimension of the consumers' behaviour.

After determining consumer preferences towards a brand, the producer may take the following measures, with a view to increase preferences for that brand: change the product; change beliefs concerning the brand; change beliefs concerning the competing brands; change the importance of features; attract attention towards neglected features; change the consumers' ideals.

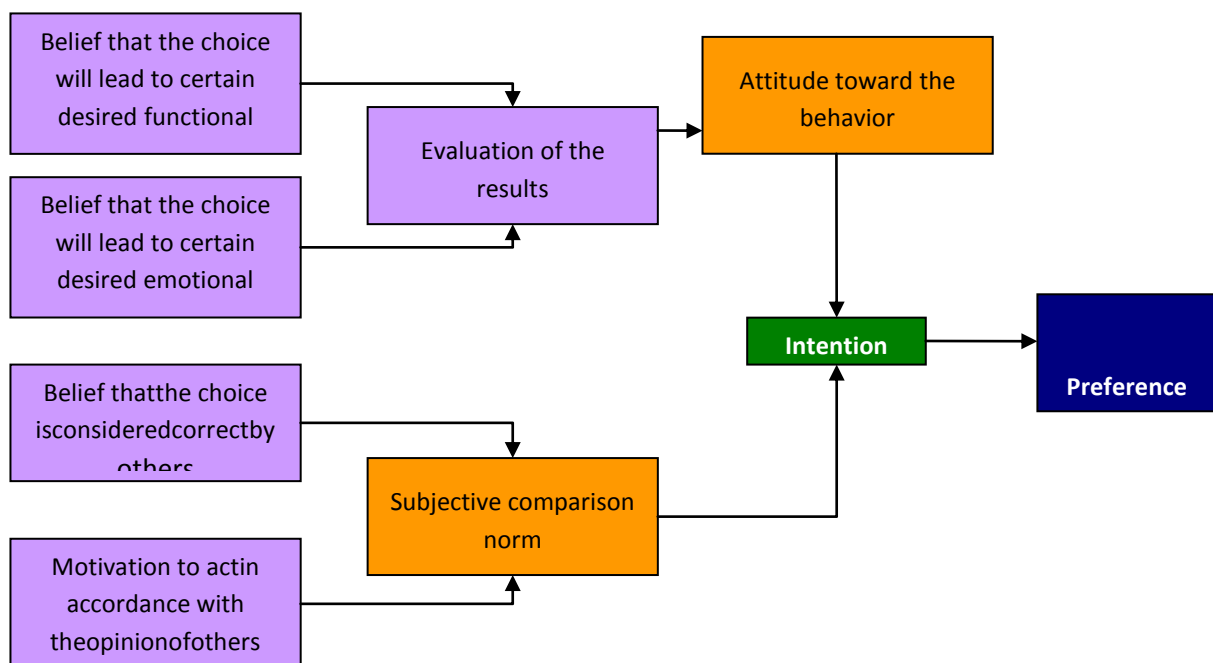
In addition, in order to attract consumers' preferences towards their own brands, producers and retailers may chose the option of "renting" those brands having won the preferences of consumers (names or symbols previously created by other producers, names of celebrities, names of movie characters etc.).

2. Fundamentals of studying the consumers' preferences

The theory of rational choice comprises attitude components which, in the end, represent the basis of forming a preference. This theory gives us a model contributing to a better understanding of the way consumers' preferences are formed and providing us, in an appropriate way, with the necessary means of researching and foreseeing the evolution of the consumers' preferences.

After analysing the way consumers' preferences are formed from the point of view of the theory of rational choice, depicted in figure 1, we can state that, in order to understand the consumers' preferences, it is necessary to determine their demands and desires regarding the performance (functionality) involved in the purchase, the expected emotional results, as well as the subjective standards consumers use to identify the tendency for a product or a service as against the others.

Figure1. *Structural model of how consumer preferences are formed*



Source: *Developing Customer Insight: The Determination of Customer Preference*, International Communication Research, www.icrsurvey.com/docs/Customer%20Preference%20Formation_1205.doc

¹ Voicu, M.C., 2007, *Aspects Related to Researching Consumer Preferences*, Theoretical and Applied Economics, No 9/2007 (514), ISSN 1841-8678 (print edition)/ISSN 1844-0029 (online edition) <http://store.ectap.ro/articole/250.pdf>.

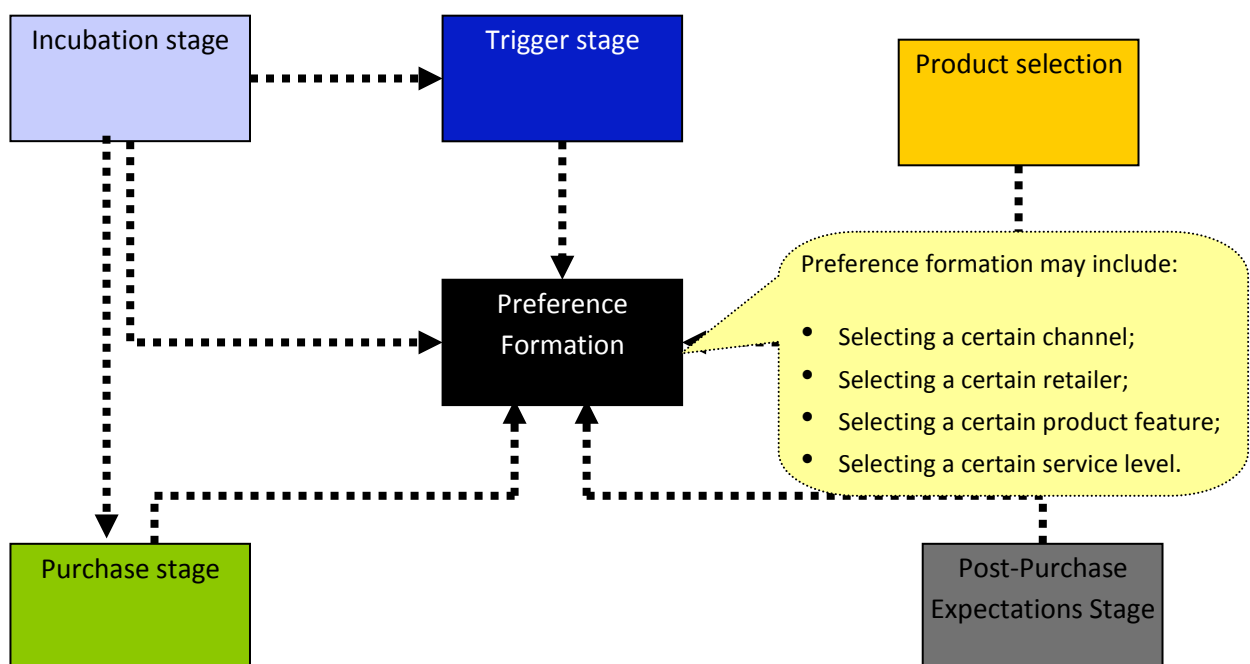
A first hypothesis of the presented model is that individuals perform thought purchases. In some cases, the act of thinking can be minimal when purchasing a product or a service has already become a habit. In other cases, the act of thinking can be extended over a longer period of time, whereas each element is carefully processed before performing the purchase.

We can observe that the presented model is used by the consumer, more or less, whenever he buys and the components that influence a preferred decision are, at the same time, components that interfere in the process of evaluating the performance of the product/service bought, as well as of the organization responsible for it. Hence, to the extent that the components of the preference change, the components that influence the satisfaction change, too, accordingly.

The theory of rational choice takes into consideration the consequences of performed actions. We prefer a product, a person or a service because we have already decided that the object suits best to our needs or demands on the performance, altogether with the emotional demands judged by our standards of comparison. Each step in the purchasing process contains emotional and performance components preferred by the consumers.

If we extend the steps of the purchasing process over the model of the theory of rational choice (depicted in figure 1), we will be able to interpret the evaluation experience by means of the purchase (see figure 2).

Figure 2. *Evaluating the purchasing experience – using the model of rational choice within different stages of the purchasing process*



Source: *Developing Customer Insight: The Determination of Customer Preference*, International Communication Research, www.icrsurvey.com/docs/Customer%20Preference%20Formation_1205.doc

Note: The indicator of preference formation represents a standardized score that varies between 1 and 100.

In reality, the decision of buying is taken by making certain well-thought compromises (compensations) between the levels of fulfilling the consumers' preferences as

against the significant attributes, considered by the consumers as decisive when purchasing a product (the most frequent example is accepting some intermediary levels of performance in exchange for a price suitable to the consumer's purchasing power)¹.

3. Methods used in the study of the consumers' preferences

Since the preference appears only in the context of a strong motivation, the research of preferences covers a more limited but, at the same time, a much deeper area than the study of motivations that subsumes the evaluation of the preference intensity, using also the same instruments as in the case of the evaluation of reasons.

The study of consumers' preferences can resort to *the observation method* (as when analysing the purchasing reasons), being the cheapest way of collecting behavioural information and, at the same time, the most accurate one that assures an authentic motivational image. *The selective enquiry* based on a written questionnaire is also used in studying consumer preferences even though it determines solely the declared behavior of consumers and not the actual one, as in the case of observation.

Measuring consumer preferences for alternative product concepts may be performed by using technique that is more and more widely known, namely the *conjugate analysis*. This is a method of finding out the value in use consumers attach to various features of an object. The respondents are presented with several hypothetical offers obtained by combining certain features, and they must rank these offers according to their preferences.

Testing consumer preferences is based on a variety of techniques such as: simple rank ordering, paired comparisons, appraisal scales, each having specific advantages and disadvantages. *The method of unitary appraisal* supplies much more information than the method of simple ranking and that of paired comparisons. The subject is required to order on a scale his/her preferences for each product. By using this method, we can find out not only the order of preferences, but also the qualitative levels of preferences for each product and the distance between the products. At the same time, this method is easy to use, especially when we must evaluate several products².

Investigating preferences may be approached in different combinations with investigations on other dimensions of consumer behavior. For this purpose, one can make use of special investigation techniques, such as contextual methods or psychodrama³.

The research on the consumers' preferences has lead to a more thorough understanding of several important problems arisen in the research on the consumer satisfaction, especially one related to the fact that the consumer satisfaction in superior conditions at present does not assure the manifestation of the consumer preference in the future.

4. Key stages in organizing a research on the consumers' preferences

Organizing a selective marketing research is an especially complex process. In order to maximize the contribution of the marketing research to the decision-making process, this activity must be organized with most care.

¹Daj, I., Starețu, I., 2002, *Simplified algorithm of applying the analysis method of compensations in the research of the consumer preferences*, National symposium with international participation – Computer-assisted projection, 7-8 November 2002, <http://dpr.unitbv.ro/adept/prasic/work/design/d23.pdf>.

²Voicu, M.C., 2007, *Aspects Related to Researching Consumer Preferences*, Theoretical and Applied Economics, Nr. 9/2007 (514), ISSN 1841-8678 (print edition)/ISSN 1844-0029 (online edition), <http://store.ectap.ro/articole/250.pdf>.

³Florescu, C., Balaure, V., Boboc, Șt., Cătoi, I., Olteanu, V., Pop, N. Al., 1992, *Marketing*, Marketer Publishing House, Bucharest, pag.164.

Carrying-out the marketing research involves going through certain successive phases, within a complex process, starting with determining the research aim and objectives and finishing with presenting conclusions and recommendations.

↳ *Identifying the issue and defining the research purpose*

Identifying the issues and defining the research purpose is one of the most important phases of the research process, having decisive influences over the subsequent phases. Even if perfect decisions are taken during the other phases, the research is compromised if the issue to be investigated and the research purpose were not clearly defined, and this can only be attained through a close collaboration between the person conducting the research and its beneficiary¹.

In order to exemplify such a research, we will assume that the purpose is: „Research on the preferences of tourism services consumers for the Sinaia mountain resort”.

↳ *Defining the research objectives*

In the process of organizing the marketing research, formulating objectives involves determining on an operational level which information is necessary for grounding the optimal decision alternatives for each dimension of the issue investigated. Each objective must be relevant for the research purpose.

Establishing clearly the research objectives is useful in fundamenting the priorities concerning the necessary information and serves as a standard in evaluating the final results.

The objectives corresponding to the research purpose may be formulated as follows:

- Identifying the frequency of visits at the mountain resorts;
- Determining the importance of the mountain resorts' main features;
- Determining the main categories of tourists visiting the Sinaia resort, by age, sex, occupation and income;
- Identifying the main mountain resorts competing with the Sinaia resort;
- Establishing the main categories of visitors who prefer Sinaia, by age, sex, occupation and income;
- Determining the frequency of visits at Sinaia made by tourists who prefer this resort;
- Identifying the minimal length of the stay by visitors who prefer Sinaia;
- Determining the year period when visitors prefer travelling to Sinaia;
- Identifying the minimal number of people accompanying visitors who prefer travelling to Sinaia;
- Determining the main features preferred by visitors coming to Sinaia;
- Identifying the appreciation degree of the main features of the resort by tourists that prefer Sinaia;
- Determining the main reasons of tourists who prefer visiting Sinaia;
- Identifying the way tourists preferring Sinaia appreciate this resort's main features of the tourism services.

↳ *Defining the research hypotheses*

Once the research objectives are set, it is necessary to decide on the hypotheses to be tested within the research. Based on a logical analysis of all possible hypotheses related to the issue under research, those hypotheses that can be tested by the research conducted are selected.

Stating a valid hypothesis may have as a starting point the theory of a discipline, the experience acquired by certain specialists, the results of previous researches or the results of an exploratory research conducted in advance.

¹Balaur, V., Adăscăliței, V., Bălan, C., Boboc, Șt., Cătoiu, I., Olteanu, V., Pop, N. Al., Teodorescu, N., 2003, *Marketing*, Uranus Publishing House, Bucharest, pag. 133.

For our example, the corresponding hypotheses may include:

- The majority of people are frequently travelling to mountain resorts;
- According to tourists, the most attractive features of the mountain resorts are the natural location and the diverse landscapes, as well as the concentration of tourist attractions;
- Sinaia is on top of the most visited mountain resorts;
- Most of the tourists visiting Sinaia are male persons with an income of 2000 Lei;
- Sinaia is a mountain resort preferred most specially by male persons with ages between 20 and 35 years, working as employees with higher education and with an income of 2000 Lei;
- At least 50% of the tourists, who prefer Sinaia, travel to this resort at least three times a year;
- The tourists are unsatisfied with the services provided at Sinaia mountain resort;
- All year long, the winter season is preferred for the package tours offered by Sinaia mountain resort.

↳ *The research sample*

It is essential in carrying out a marketing research to determine the elements concerning the research sample. Sampling relates to establishing the sample size and structure, so that one basic condition is fulfilled, for the sample to be representative with respect to the population researched¹. In this regard, a sample base (general group, selection group and observation unit) and the dimension of the research, which will produce the best results with minimal costs (does not necessarily ensure the representativity of the information), will be established.

The sample size, apart from its theoretic foundations, must answer to the concrete objectives associated to the study under scrutiny. In practice, while it is possible to determine a sample size ensuring representativeness of all information to be gathered, is very seldom used, due to the costs involved. A compromise is usually accepted between objectives and costs, by choosing that sample size producing the best results.

↳ *The research questionnaire*

The questionnaire is the instrument most frequently used in obtaining primary data and consists in a set of questions the respondents must reply to. The flexibility of such instrument lies in the fact that a question may be asked in countless different ways.

The questionnaire is one of the most important elements the success of a selective research depends upon. Concerning the methodology of elaborating the questionnaire, it is believed it is more of answer art than a science.

Specialists agree that, in order for the questionnaire to be an efficient tool, it must fulfill the following functions:

- to ensure the cooperation and involvement of the respondents;
- to communicate correctly to the respondents what is expected from them;
- to aid the respondents in formulating answers to questions;
- to avoid possible distortions of replies;
- to facilitate the interview operator to carry out his/her task;
- to generate the base necessary for processing the data gathered.

Upon elaborating the questionnaire, aspects such as the following needs to be addressed²:

¹Anghelache, C., 2008, *Treaty of theoretical and economic statistics*, Economica Publishing House, Bucharest

²Voicu, M. C., 2008, *The questionnaire – a tool in the survey research*, The Romanian Magazine of Statistics, Supplement May 2008, pp.112-125, ISSN 1018-046x, B+ category, CNCSIS monitored ISI Thomson Philadelphia (SUA).

- ⇒ identifying the characteristics comprised in the survey objectives and program, and their logical ordering. Mentioning the desired information and the research objectives envisage that every objective, hypothesis and variable must reflect in the structure of the questionnaire. Also, another preliminary moment of great importance is when the method of collecting information is established, a phase with great impact on the other stages during the projection of the questionnaires. The questionnaires' content and the way questions are formulated, their type and sequel, the questionnaires' length and other physical features are subject to this phase.
- ⇒ formulating the questions the respondent is to be asked. With this respect, one must take into account:
 - the type of questions that are to be used (closed, open or mixed questions; factual or opinion questions etc.);
 - the quality of questions (to be specific, simple, to avoid ambiguity, vague and tendentious wording, to avoid presumptions or hypotheses etc.);
 - the order of questions (the questionnaire must be elaborated using the “funnel” principle, starting with general questions and continuing with more and more specific questions, or using the “inverted funnel” approach);
- ⇒ choosing the proper sizing, page layout and general aspect of the questionnaire;
- ⇒ coding and elaborating the code list;
- ⇒ questionnaire pretesting.

After applying the questionnaire and processing the data collected, we proceed to analyzing and interpreting the data in order to reach the research conclusions. The research conclusions aim at answering to the objectives and hypotheses set out in the preliminary phase of the research, and shall constitute an important source of data for the decision-maker.

Conclusions

Current debate on consumer preferences research is reduced to a few key points:

- Determining the preferences of the consumers is part of the category of strategic information. This type of information allows organizations to take a decision that would lead to the fructification of preferences, which will ensure its success on the market it activates on.
- The features of the consumers' preferences and, in general, of the consumers' behaviour impose that the marketing research appropriately adapt in order to observe an aspect of the consumers' behaviour, which is more of qualitative nature, and, as a result, hard to discover by means of a quantitative method.
- Along the marketing research it is necessary to take into consideration several key stages, which, if carried through, will influence the obtaining of certain higher qualitative information. Of great influence on the quality of the data obtained by the means of the marketing research are the stages that formulate the problem and the research objectives, as well as the stage when the questionnaire is elaborated – at some point important steps in evidencing the preferences of the consumers.

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- * *Developing Customer Insight: The Determination of Customer Preference*, International Communication Research, www.icrsurvey.com/docs/Customer%20Preference%20Formation_1205.doc