

SITUATIONAL FACTORS OF CONSUMER BEHAVIOR IN THE B2C MARKET

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Abstract: Highlighted types of consumers, the system situational factors of consumer behaviour in the market B2C. As situational factors considered physical environment (sensory, psychological, organizational elements) social environment (large and small groups of people); time of purchase; the purpose of the consumer; previous condition. The main changes in the social environment due to the emergence of COVID-19 are highlighted: the need to take precautions: minimize contact with other people and, if possible, stay at home; transformation of almost all communications into online and elimination of complex unique trade offers in communications; growing demand for video content as potential customers have more time; increasing the number of queries in search engines; growing share of mobile traffic.

The expedient directions of modernization of marketing strategies of the enterprises working in the B2C market in the conditions of a pandemic are offered. Such a marketing strategy is a strategy of omnic marketing, which includes four components: sociality (increasing attention to health and safety of employees and customers), image (formation and maintenance of the image of the business entity for which customer health is more important for profit), restructuring (conducting an inventory of business projects to close currently inefficient), multichannel (providing courier delivery of goods, transferring customers from offline to online stores and the dominance of digital marketing).

Key words: Situational factors; consumer behavior; B2C market; marketing; marketing strategy; sales; marketing environment.

JEL Classification Codes: M31, P42

1. INTRODUCTION

Consumers are individuals, organizations, enterprises that use goods. The essence of the concept of marketing is to meet their demand in order to achieve competitive advantage and profit. Increased competition makes it easier to produce than to sell. This naturally determines the interest of sellers in the study of patterns of consumer behavior and the study of opportunities to adequately influence consumers to achieve the planned commercial results.

2. RESEARCH METHODOLOGY

The methods of scientific abstraction, analysis and synthesis, systemic, dialectical, analogies and structural-functional research methods are used in the work, which give the opportunity to reveal the essence of transformation of situational factors of consumer behavior.

The purpose of the study is to change the importance of factors influencing consumer behavior in the decision-making process for buying on the B2C market in modern conditions.



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3. TRADITIONAL SITUATIONAL FACTORS OF CONSUMER BEHAVIOR

Consumer behavior is the behavior of the person who solves the problem, the purchase of goods to meet personal needs. The substantive basis of consumer behavior is the purchase decision-making process and the factors that determine it.

Consumer behavior influences the direction of production and the structure of the economy. Consumer behavior also affects the pricing policy of markets.

When shopping, consumers solve a kind of triad of problems:

- How to balance expenses with income within the personal budget?
- What is the usefulness of the purchased goods?
- How commensurate are the usefulness and price of these benefits?

Of course, the answers to these questions are based on the purely personal opinions of each consumer. However, the variety of subjective opinions forms some general trends and patterns.

In pre-pandemic conditions, traditional situational factors of consumer behavior include the following elements (Fig. 1):

- physical environment;
- social environment;
- time of purchase;
- the purpose of the consumer;
- previous condition.

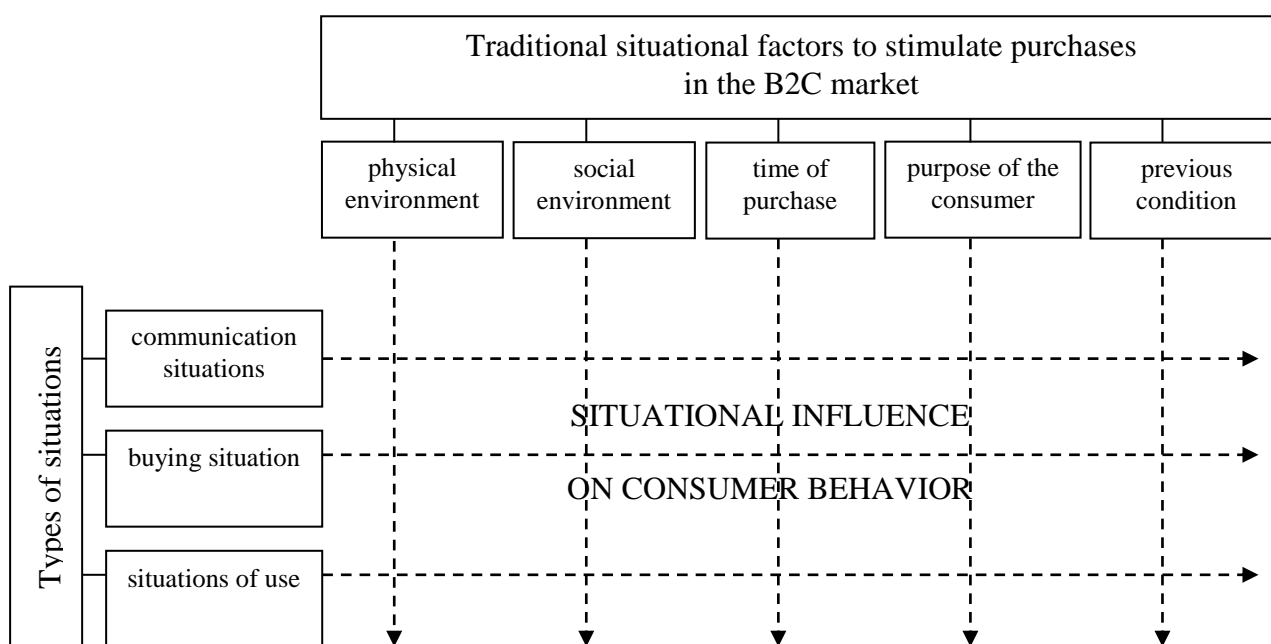


Figure 1. Traditional situational influence on consumer behavior in the buying process [1]

1) The physical environment is the atmosphere of the point of purchase, the material components of the environment that affect the visual, sound, sensory receptors and form the psychological orientation of the buyer.

The physical environment consists of the following elements.

1.1 Organoleptic elements of the physical environment:

- visual – the appearance of the product, packaging, design of the point of sale, information inscriptions, signs, drawings, color, lighting, lighting effects. Used as additional sources of information, facilitate perception, help save time searching for goods;
- sound – music. It is used to solve the following tasks: allocating department stores, attracting attention, stimulating the mood to shop, adjusting the speed of customers and the time of shopping (depending on the volume, tempo, rhythm of the music);
- sensory – smell (aroma marketing techniques), touch (tactile marketing techniques). Influencing the channels of perception, they reinforce the associations and images of the product. Rational use of sensory elements is more effective than visual and sound elements, because sensory associative manipulations are less obvious and conscious. Used to solve the following tasks: attracting and retaining customers in the trading hall of the store, near the exhibition stands, at promotions; incentives to make purchases and increase sales.

1.2. Psychological elements of the physical environment:

- behavior of sales staff – friendliness, attractive appearance, professional knowledge of sales staff can stimulate the consumer's confidence in the store and confidence in the correctness of the purchase decision;
- the number of buyers in the trading hall – a large and small number of buyers in the trading hall repel consumers from buying, reduce the time spent in the store, lead to the postponement of non-urgent purchases. The optimal number of customers is when customers are present in the hall and can move without interfering with each other;
- weather – good weather lifts the mood and is an additional incentive to buy.

1.3. Organizational elements of the physical environment:

- location of the point of sale;
- location and configuration of trade equipment;
- zonal division of the trading floor (depending on the psychological behavior of buyers):
 - a) "adaptation zone" is a part of the trade hall, which is located at the entrance and in which the feelings of the buyer are adapted to the stimuli of the store;
 - b) "purchase area" is a part of a trading hall in which goods of constant demand are placed;
 - c) "return area" is a part of the trading hall in which the buyer moves to the cash register, feeling "free" because he has made all the planned purchases.

2) The social environment is the atmosphere of the buying process, which is formed and conditioned by the presence or absence of others when buying, consists of numerous large and small groups of people united by common interests, ethical norms, national culture, purpose.

3) Purchase time is a purchase parameter that can further stimulate the consumer to purchase the product if the purchase time is synchronized with a particular event or problem.

There are the following situations of stimulating the consumer to purchase the product depending on the time of purchase:

- irregular, seasonal type of demand stimulates the purchase of goods during the season;
- limited time to make a purchase decision leads to a reduction in the number of considered alternatives and stimulates the purchase of goods;
- convenient operating time of the point of purchase stimulates the purchase of goods;
- the minimum time for the consumer to reach the point of purchase, including delivery of goods home (time to reach zero), stimulates the purchase of goods;
- time of depletion of goods stimulates the purchase of goods;

- increasing the consumer's free time through the use of certain goods (fast food, air transportation, mobile phones, computers, Internet services) stimulates the purchase of goods.

Consumer intentions at the time of purchase are divided into three categories.

- fully planned purchase – product group and assortment position are selected in advance. This intention can equally be the result of a high level of interest in buying and awareness of the product and the result of an indifferent attitude to the purchased goods;
- partially planned purchase – the product group is selected in advance, and the choice of assortment item takes place at the place of purchase. This intention can equally be the result of a high level of interest in the product with a low level of awareness and low interest. The final decision may depend on the proposed methods of stimulating demand within marketing communications;
- unplanned purchase – product group and assortment item are selected at the place of purchase. Impulsive buying occurs when the consumer feels a sudden, often powerful and persistent urge to buy the product immediately.

4) The purpose of the consumer - is the desired end result of the purchase, pre-perfect presentation, which makes product selection and system operations with its acquisition.

The purpose of the consumer is the resulting vector of the sum of two vectors: the first – the value orientation and worldview of the consumer; the second – the specifics of the purchase situation. That is, the purpose of the consumer is what the person focuses on in a particular purchase situation. In particular, the buying behavior of a person who chooses a product for himself will be different from the behavior when choosing a product as a gift. In addition, gifts are made for different occasions and are selected according to different sets of criteria: practicality, versatility, exclusivity, duration of use, price, appearance, taste.

5) The previous state is the conditions of the consumer with which he enters the situation of purchase. The conditions include physical and emotional and psychological state, solvency.

The previous state of the consumer depends on the events that preceded the purchase situation: visiting outlets on the way to the store, weather conditions, the length of the way to the store. All possible states of the consumer should be foreseen and realized in variants of marketing decisions.

4. MODERNIZED SITUATIONAL FACTORS OF CONSUMER BEHAVIOR UNDER THE INFLUENCE OF THE COVID-19 PANDEMIC

In recent years, there has been an annual growth of the international e-commerce market. Thus, according to The Statistical Portal for the period 2014-2019, the volume of global retail e-commerce increased more than 2.6 times (Fig. 1).

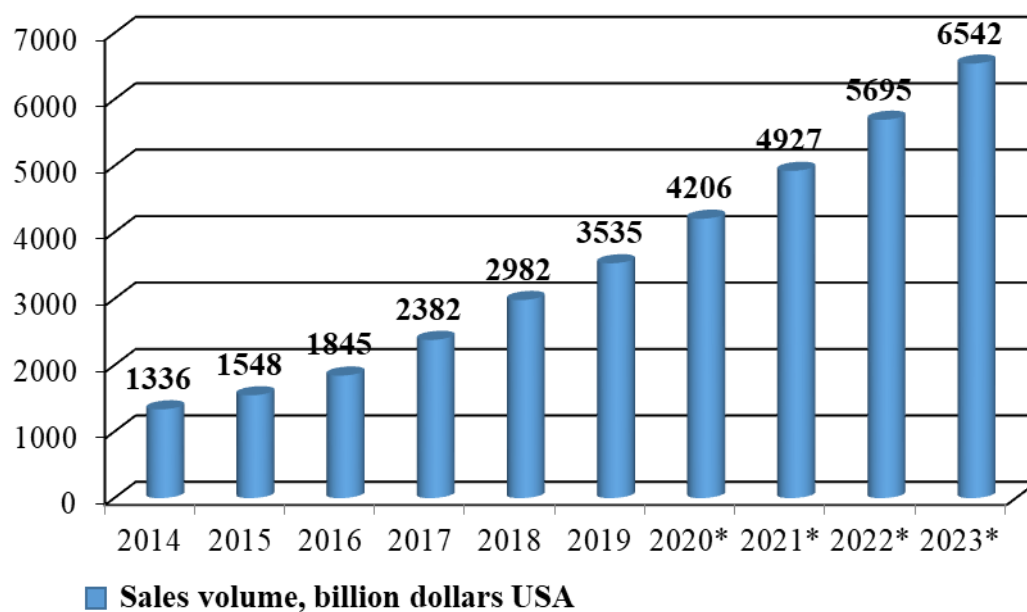


Figure 2. Retail e-commerce in the world from 2014 with a forecast until 2023

Source: based on The Statistical Portal [6]

The annual growth ranges from 15.9% in 2015 to 29.2% in 2017. At the same time, the annual growth of world retail trade since 2016 has invariably been about 6%. The share of e-commerce for the period 2014-2019 has doubled and in 2019 is 11.4% [6].

E-commerce is forecast to grow both in the world and in Ukraine, but the annual growth rate is slowing. The impetus for the development of e-commerce is that currently the leading sellers of goods are less and less divided into offline and online sellers, instead, trying to adhere to the general principle of customer orientation.

In turn, the consumer, while relying on the important benefits of offline and online, prefers a store, taking into account the following criteria: the product must be available, payment – convenient and secure, receipt and return – fast, and service – quality. Reviews that are useful to the consumer when choosing a product or checking the good faith of an online or offline retailer also often play an important role.

It is worth noting that the development of e-commerce is based on attracting more and more users to the Internet, so it is not surprising that the share of e-commerce turnover in GDP and the share of e-commerce in retail trade correlates with the Internet penetration rate. 14 to 74 years old, who are regular Internet users. Thus, in the leading countries of Western Europe, this figure is close to 100%, while in Ukraine it is only about 63% [7].

According to experts of the EVO Group - a Ukrainian IT company, whose projects are the largest marketplaces for online shopping, electronic document management services and a platform for state and commercial auctions, in 2019 the Ukrainian e-commerce segment reached 65 billion UAH, increasing over the year at 30%. Marketplaces were still the locomotive of development [8].

Therefore, in 2018, the demand for everyday consumer goods and children's goods will grow most actively through the use of marketplaces. Most often in 2018 they bought clothes,

shoes, accessories, appliances, electronics, consumer goods, household and garden goods, cosmetics and perfumes (Fig. 3).

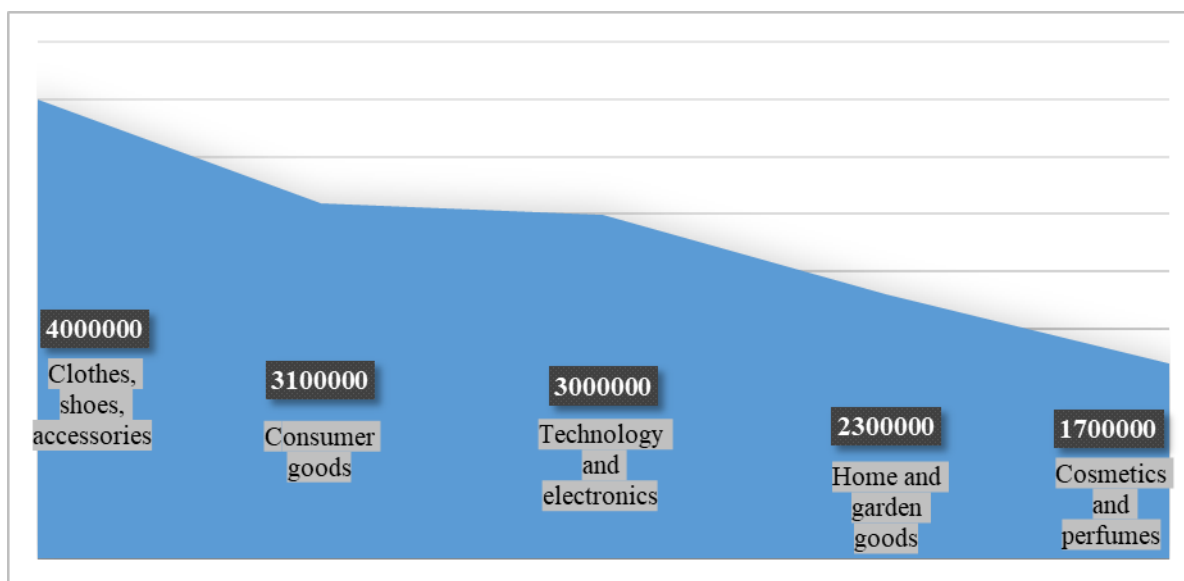


Figure 3. Dynamics of purchase of goods on marketplaces during 2018 (pcs.)

Source: according to the Association of Retailers of Ukraine (RAU) [8].

In addition, the promotion of electronic marketplaces allows companies that provide delivery services to develop at a faster pace – in 2019 alone, operators earned 2.6 billion UAH from the delivery of goods purchased online [3]. Also, target companies that implement an advertising mechanism are not left out, which allows you to find out from the entire available audience only the part that meets the specified criteria (specific audience) and demonstrates the advertising of a particular product or service.

The dynamic growth of e-commerce was greatly intensified in 2020 due to the COVID-19 pandemic. Accordingly, the patterns of consumer behavior have changed. The change in patterns of behavior was caused by changes in shopping conditions and a general decline in household income. There was a closure of production in a world factory - China, business and tourist travel stopped, unemployment rose, wages fell. Representatives of medium and small businesses were particularly affected. Entrepreneurs face the task of winning the competition by optimizing management in compliance with the conditions of preventive measures for employees and customers. The pandemic is forcing to change marketing strategies in the context of adapting to new norms of social existence in order to preserve the health of customers, maintain the image and increase sales.

The marketing environment forces sellers to show social responsibility – to spend money on additional security measures for buyers, to help with the purchase of medical equipment, to provide discounts. And at the same time try to prevent a decrease in sales and profits.

2020 will be a breakthrough year for rapidly growing global e-commerce. During a pandemic, this trend is due to the mass transition from offline to online shopping and the emergence of delivery services. Online accounts for 66% of retailers' interaction points with customers. About 37% of consumers browsed the sites and applications of stores before buying goods. Also popular points of interaction were search delivery (28%) and email advertising (21%).

Research shows [2] that offline plays a smaller role in contact with the consumer: 18% decide to buy directly in the store, and 17% – after seeing advertising on television, in the press and on external media. However, experts recommend not to reset offline. The study emphasizes that the strategy of retailers, which will continue to thrive after the end of the pandemic, will take into account including non-digital promotion channels. Two-thirds of online users (66%) choose a retailer based on its convenience, while 47% take into account primarily the cost of production. However, the more important criteria for the audience were the range (52%) and their own purchasing power (57%).

Digital advertising proved to be useful for consumers: about 54% of respondents admitted that online ads and promotions reminded them of what was needed, or suggested an idea to purchase a product. And 20% of respondents said that advertising was useful in the shopping process. Despite Facebook's advertising boycott, the majority (72%) of e-commerce consider it the best digital marketing channel. This social network is followed by Google (67%), Instagram (61%), Twitter (50%) and the retailer platform Amazon (49%). Marketers in e-commerce have increased the cost of promotion on social networks (19%) emails (15%), advertising on YouTube (13%) and search engines (12%). About 90% of experts in general reported that they increased budgets in at least one media channel.

Respondents shared their views on what is the main opportunity for retailers in the future. In the coming year, such opportunities will be an advanced user experience (42%), more accurate targeting to consumers (35%), an expanded range of options for creative advertising (30%) and the growth of social commerce (30%). For the longer term – five years – respondents also noted improved logistics for delivery of goods.

The volume of direct interaction of marketing departments with potential customers via the Internet has increased significantly [3]. The number of e-mails, messages from potential customers has increased many times. The number of appeals to the web pages of enterprises and their pages on social networks has also increased. Of course, this applies to companies that have their representation on the Internet. The number of queries in search engines "buy online" has almost doubled in March compared to January. Interestingly, the number of calls to customers by marketing services fell by almost a third. Although the number of contacts between enterprises through digital media has increased, sales have decreased, due to the general economic crisis caused by the pandemic.

Decreased number of signed agreements. The need to understand the new reality, the limitations of many industries have led many businesses and consumers to choose to refrain from new investments or purchases. Gradually, the trend is changing and the number of new agreements is growing, although it has not yet reached the pre-quarantine level.

Consumers have reduced loyalty to goods. For some products, COVID-19 has disrupted their supply chain. And when consumers could not find their favourite product where they always bought it, they changed their shopping behaviour: many consumers tried another brand or bought the product from another seller. The positive experience gained in buying alternative products or from alternative sellers can push consumers to look for better offers and for constantly available products.

In response to reduced customer revenue, sellers open free access to some of their services or add additional free value to their products. For example, educational institutions began to open their courses en masse to all comers; video conferencing services are expanding the number of features that their customers can use for free or for a nominal fee.

So as a result of the COVID-19 pandemic, the main changes in the marketing environment were:

- the need to take precautions: minimize contact with other people and if possible, stay at home;
- transformation of almost all communications in online and eliminating a communications complex offers unique shopping;
- growth in demand for video content, because potential customers have more time;
- increasing the number of queries in search engines;
- increasing the share of mobile traffic.

Thus, the marketing strategy of the seller in the context of the COVID-19 pandemic is a strategy of omnic marketing, which includes four components: sociality, image, restructuring, multichannel.

Sociality – increasing attention to health and safety of employees and customers.

Image – forming and maintaining the image of an entity for which the health of customers is more important than profit. How sellers respond to a pandemic will shape their reputational capital for the future.

Restructuring – conducting an inventory of business projects to close the currently ineffective, review marketing plans. Optimization wherever possible, will help maximize results without strain on internal resources.

Multichannel – reformatting offline channels, focusing on courier delivery while consumers stay at home.

Changing the offline shopping procedure using the mask mode and social distancing. Mass transfer of customers from offline to online stores and the dominance of digital marketing. The benefits of digital marketing allow you to maintain and increase the order portfolio:

- targeting – you can directly contact the interested consumer;
- accurate evaluation of the effectiveness of the site – special statistics systems will show which query, from which search engine or site came the visitor who ordered, what he noticed, what he read on the site, what did not interest him;
- determination of which product and with what parameters there is a demand – you can find out about it on the basis of tracking on the Internet trends in demand for goods and the subject of user requests;
- the reactivity of the purchase – the site visitor can immediately respond to the advertising message, go to the link to the desired site, buy the product.

The main direction of digital marketing is a personalized attitude to users. Effective sale of goods is due to a personalized appeal to a potential consumer. A personalized relationship with a potential customer becomes the essence of marketing, the root cause of its effectiveness. The vector of development of information and communication technologies is to increase the technical capabilities of collecting and analyzing information on demographic characteristics, audience interests, site activity, purchasing statistics, viewed content, customer location data.

Digital tools proved to be effective for the B2C market. Online retailers have begun to pay attention to native advertising formats on their sites, to place advertising where they are most likely to see it, to conduct joint advertising campaigns with manufacturers. The pandemic has forced people who do not usually do so to shop online. It is important for such consumers that the first experience is positive and increases their level of loyalty to online shopping and the seller and after the cessation of social distancing.

We can identify the following modernized situational factors of consumer behaviour under the influence of the COVID-19 pandemic, which increase sales in the B2C market in modern conditions:

- internal site optimization (search engine tuning by keywords);
- external site optimization (increase of links to this site of other authoritative sites);
- advertising on the content network (setting up targeting on the media network, you can show ads in a specific context, to specific audiences, to specific placements);
- marketing in social networks (optimization for social networks, advertising on social networks: blogs, forums, diaries);
- content marketing (placement of content in various formats of the Internet environment);
- native advertising;
- video and mobile marketing.

Previously, it was enough to buy a lot of links to the site and it automatically rose in the ranking of search engines. Now search engines, including «Google», are actively opposing this campaign. However, the creation of interesting content by the site owner is becoming increasingly difficult. Social networks allow users to generate content themselves – post photos, videos, blog. Technologies have emerged to help automate content generation, as well as to create UGC (user generated content).

A significant contribution to increasing site traffic has made video content. Video content has become much easier to produce. «Google» has released the «YouTube Director» tool, which makes it easy to create commercials. Technologies are being developed that automatically adapt the content to the target audience, forming a unique news feed.

«Yandex» selects tracks according to the user's taste on «Yandex.Radio», creates songs according to the preferences of the music lover and released the album «Neural Defense». That's why the concept of «native content» has appeared in digital marketing. Native translated from English «natural», «native». The mission of native content is to create «organic» communication products in order to increase the target audience and, ideally, sales. The advantages are that users are sympathetic to such information, willing to share it, thereby increasing conversions and sales.

5. CONCLUSIONS

The use of modernized situational factors of consumer behaviour in marketing plans will increase the competitiveness of enterprises in the B2C market. To adequately respond to possible situations, marketers analyze the probability of their occurrence, taking into account traditional and modernized situational factors: product type, store location, physical and social environment, time of purchase, purpose and previous state of the consumer, internal and external site optimization, contextual advertising. media network, social media marketing, content marketing, native advertising, video and mobile marketing. The professionalism of marketers is manifested in the creation of such situational factors.

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