

Considerations on the promotional activity on the *DIY* market in Romania

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Abstract: *Communication is a component of the marketing mix of great importance for the success of companies on the market. Currently the promotional activity of companies is experiencing a variety of manifestations, the manufacturers and the distributors are always interested in finding ways to promote themselves differently, moreover to draw the attention of consumers and to produce the desired behavior among them. DIY market is a highly competitive market and the promotional techniques used by the companies in this field are very diverse. In this context, this paper aims at presenting a series of promotional aspects of the techniques used by two of the largest DIY companies on the Romanian market Dedeman and Praktiker.*

Key-words: *integrated marketing communication, do-it-yourself, marketing research*

1. Introduction

Nowadays the consumer is bombed with a lot of promotional impulses, coming through various channels, from traditional television, radio, internet and newspapers to bus stations etc. everywhere we hear and see promotional messages. The increasing number of manufacturers and retailers bring their contribution to this as they are trying to use as many channels as they can so their message could reach the consumer and become more creative.

Precisely from the multitude of messages that companies send to various partners (stakeholders), either actual or potential customers or collaborators the concept of integrated marketing communication developed.

Generally speaking integrated marketing communication (Pelsmacher, Geuens, Bergh 2005, 9) gives a new perspective on the entire communication mix (consisting of advertising, public relations, sales promotion, personal promotion, etc) from the point of view of the consumer, i.e. the flow of information from a source. Without necessarily giving a definition of the integrated marketing communication, Ph. Kotler (2010, 429) explains this concept claiming that companies must consider that in every meeting with the consumer (regardless the

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channel of communication used by the company) he should receive the same clear, consistent and understandable message. This concept represents a step forward in marketing, assuming that the communicated message is consistent with the company values, resulting in an effective communicational process by increasing the impact on the consumer (standing behind this process is the synergistic effect of the promotional techniques used).

The Romanian sector of DIY remains an extraordinarily competitive one where Romanians surpassed the giants of the West: the local companies occupy the top positions among the largest DIY retailers, disputing with their eight multinationals 2 billion euro, as estimated the distribution market for building materials and DIY. Dedeman and Ambient have managed to establish themselves in front of foreign networks, such as Germany's Praktiker or the French from Bricostore (now Kingfisher), which dominated the market before the recession. www.wall-street.ro (consulted on 01/03/2015)

Evaluated at about two billion euro in 2014, the DIY Romanian market has undergone major changes over the last year, which changed the course of evolution to some extent. If Dedeman, Arabesque and Ambient, the three top players on the market, continued their dominance at the local level, it seems that the Germans and the French present in Romania have fully experienced the difficulties of such an unusual market.

2. The *DIY* Market in Romania

The DIY market has been facing again a difficult year, 2014 probably being the most hectic year of the “12 years of *DIY* local market history” with two significant transactions involving 42 stores, an exit (OBI) in which the discounts of up to 70% troubled the market prices, investments of over 60 million Euros in new stores and the emergence of a new brand and concept - Brico Depot which so far replaced eight Bricostores.

After four consecutive difficult years, the Romanian *DIY* retailers sought to restructure or relocate, the last year bringing three large transactions.

First, the British Kingfisher, Europe's biggest and also the third worldwide retailer of products for house arrangement took over the 15 stores of French Bricostore in Romania for which they paid about 41.5 million euros. Then, Praktiker announced that the company sold the 27 stores in Romania to the building materials distributor Search Chemicals, a company owned by businessman of Turkish origin, Omer Susli. The list of purchases was completed by the French company Leroy Merlin, acquiring through a transaction in shares the 15 stores that Austrian *DIY* retailer Baumax was holding in Romania.

The *DIY* market is estimated at 2 billion euro, currently being dominated by the Romanian players Dedeman, Arabesque and Ambient. Among other players

which are locally present we can also mention Leroy Merlin, Praktiker, Hornbach, Brico Depot and Mr. Bricolage.

After the 2014 financial analyzes, Dedeman, the largest retailer in Romania is also among the top 5 retailers of the Central and Eastern Europe in terms of turnover. Dedeman has opened in Bucharest store number 41 in April, 2015.

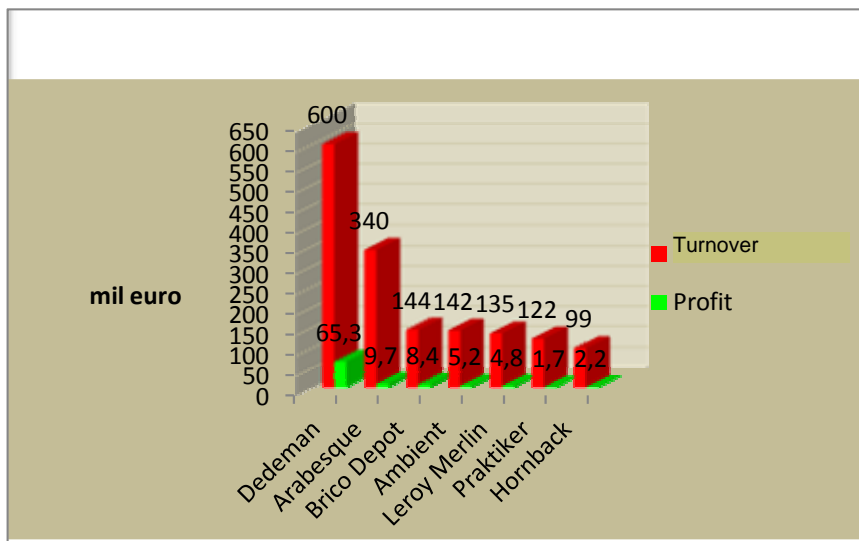


Figure 1. The largest DIY retailers in Romania (turnover, profit)

The DIY market in Romania increased by approx. 5% in 2014 compared to 2013, passing the 1.7 billion euro threshold.

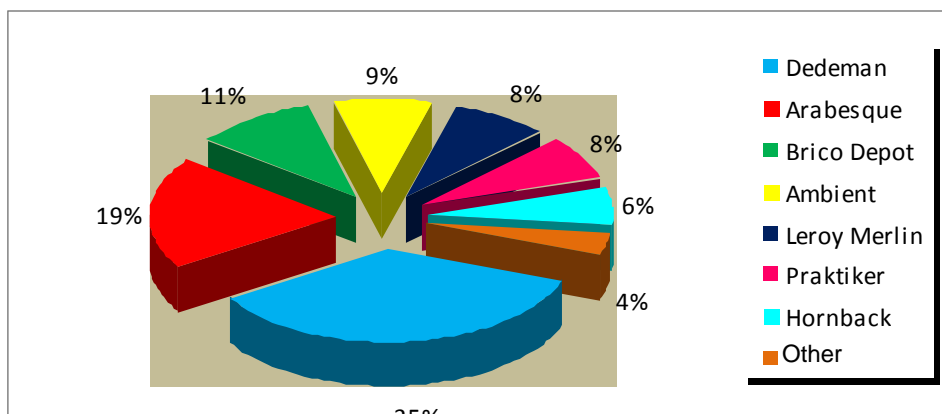


Figure 2. The market share of the main players on the DIY market

Two thirds (65%) of the DIY market in Romania are controlled by the Romanian companies (Dedeman, Arabesque and Ambient).

3. Marketing communication on the *DIY* market

In order to describe and understand the perceptions, attitudes, motivations and consumer opinions on the marketing communication concept on the *DIY* market, it was established a qualitative marketing research (focus group). The qualitative study is exploratory, having the goal to express the problem in a correct manner, using the building tools for quantitative research and identification of the circumstances that can materialize into hypotheses tested using the quantitative study.

The research examined the following three aspects regarding: 1. The *DIY* market: the significance (definition of *DIY*, additional knowledge), identifying the players on the *DIY* market (preference) identification of the current situation on *DIY* market, the performance (*DIY* representative retailers, factors of success). 2. *DIY* promotional marketing techniques: current promotional techniques (evaluation, suggestions). Establishing strategies for success depending on choosing a particular brand of *DIY* (the hierarchy of companies) 3. The Local Aspect: the personality of Brasov market (features); Strengths, weaknesses; Market attractiveness for *DIY* retailers (characteristics, advantages, disadvantages); *DIY* market performance of companies from Brasov (factors); Promoting the future market from Brasov for *DIY* retailers.

The qualitative research was based on theoretical sampling. The focus group was conducted on a sample of 10 people and the criteria for the selection of participants were: the age, the occupation and the education level. The focus group was conducted with participants from relatively homogeneous socio-professional categories to avoid the inhibiting effect or the monopolization of the discussion.

The main limitation of the qualitative research derives from the nature of the method used, which makes the results and conclusions not representative at the population level, they, remaining "hypotheses" that can be validated or invalidated by future wider research.

Qualitative research results revealed the "knowing" of the general aspects regarding the *DIY*, of the main categories of *DIY* products. For example, the respondents associate the concept of *DIY* with non food, building materials, gardening equipment or auxiliary products which help the person carry out daily activities but we ascertained poor knowledge on the specific elements related to the concept of "do it yourself" with numerous terminological confusions. Most respondents said that until now they had at least one experience in various *DIY* centers in Brasov county, they bought various categories of products such as construction materials, interior design products, gardening products, electronics etc.

They argue that most DIY retailers operating on this market currently offer qualitative products and services. The best known DIY retailers mentioned by the participants are: Dedeman, Praktiker, Hornback, Brico Depot, Arabesque, Leroy Merlin. The Internet is by far the most popular source of information and the first choice for those seeking the latest news, exceeding the media with much longer history: television, newspapers and radio. More than half of the respondents said they have heard of the DIY stores from the internet. Another way to get informed is by the commercials broadcasted throughout the television and radio.

Other means of information are the street posters or outdoor advertising (outdoor) frequently defined as street advertising and the recommendations from friends. From the results of the qualitative research resulted in a set of criteria that are highly important when choosing a brand of DIY. The respondents detect that an important criterion in choosing a brand of DIY is the quality of the purchased goods. Another important criterion for participants is the price of the products. Thus, if in the past the main factor for the decision making process was the design, today the DIY products purchaser is primarily focused on the quality-price ratio of the products. The diversity of the product range is another criterion that respondents consider as being very important as it may cause dissatisfaction among customers when they do not find the products they wish to purchase. Customers should also benefit from an extensive array of services such as expert advice, ideas for landscaping and decorating inside and outside the house, transportation services at home or rental service for tools and equipment. There are notable differences by respondents when it comes to assigning a word to each DIY retailer.

Dedeman has been associated with the following words: quality, superiority, offers, promotions, cheap. Respondents consider that the retailer Dedeman offers an extremely generous line of products which meet the demand from construction materials to interior design. The superiority of this shopping center is given on the one hand by the quality of the services that they offer, and on the other hand by the promotions and offers of the store, participants also believe that the prices are very good. Instead, the retailer Praktiker was considered as being specialized in gardening equipment, this is a store accessible in terms of location. Praktiker is perceived as an expensive store with high prices. The retailer Arabesque is perceived as being specialized in sanitary items and building materials. Brico Depot is associated to a warehouse specialized in construction materials as well.

In terms of promotional methods the respondents consider that for accomplishing the objectives, DIY companies must use all promotional activities: advertising, public relations, brand, promotional events and sales force. We noticed the common interest of the respondents in terms of their main complaints against the existing stores in the DIY market, which refer to personnel, the poor quality of the products, transportation, high prices.

4. Conclusions

Given the extremely fierce competition on the DIY market in Romania, the companies operating on this market are seeking ways to find the most attractive methods to promote their products. In addition to product quality, the Internet as a promotional channel is more appreciated nowadays than traditional means of promotion through television and press.

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