



POLYTECHNICS SERIES

RETAIL BUYING: UNDERSTANDING CUSTOMER DECISION

NUR ALIYAH AZIZI

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Author

Nur Aliyah Azizi

Editor

Siti Raudha Azis

Proofreader

Nur Hazeleen Bashah



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Politeknik Nilai
Kompleks Pendidikan Bandar Enstek
71760 Bandar Enstek
Negeri Sembilan
<http://pns.mypolycc.edu.my/>
Tel: 06-7980400
Fax: 06-7911269
Email: webmaster@polinilai.edu.my

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PREFACE

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Welcome to "Retail Buying: Understanding Customer Decision for Malaysia Polytechnics Series," a tailored guide crafted for both aspiring undergraduates in retail management and seasoned retail practitioners. In this specialized exploration, we aim to bridge the gap between theory and real-world application within the dynamic retail landscape of Malaysia's Polytechnic setting. Whether you are a student eager to grasp the fundamentals or a seasoned practitioner seeking to refine your strategies, this e-book is designed to be your comprehensive companion. Join me as I unravel the complexities of retail buying, providing valuable insights that cater to the unique needs and challenges faced by both academic learners and industry professionals in the vibrant realm of Malaysian Polytechnics.



Nur Atiyah Azizi

ACKNOWLEDGEMENT

جَزَاكَ اللهُ خَيْرًا كَثِيرًا

I extend my sincere gratitude to all those who have contributed to the realization of "Retail Buying: Understanding Customer Decision for Malaysia Polytechnics Series." especially to the Department of Polytechnic and Community College Education. Special thanks to the dedicated undergraduates in retail management whose enthusiasm for learning has inspired the creation of this e-book. Additionally, heartfelt thanks go to the those at Politeknik Nilai and academic mentors who generously shared their knowledge, contributing to the depth and relevance of this e-book. Your collective support has played a pivotal role in bringing this project to fruition.

I hereby declare that this e-book is an original work adapted from the mentioned sources. To the best of my knowledge it contains no material previously written or published by another person. However, if there is any due acknowledgement and credit are mentioned accordingly in this e-book.

ABSTRACT



Retail Buying: Understanding Customer Decision e-book delivers three key dimensions crucial for a holistic understanding of retail buying: types of sources influencing buying decisions, consumers' diverse buying motives, and the varying types of products that customers choose to purchase. This e-book serves as an indispensable guide complements with up-to-date information and examples for those seeking to thrive in the vibrant and ever-evolving retail industry. Each topic comes with questions to test the readers on retail knowledge and their understanding; as well as the practical part that expose readers on conducting desktop research to see the current practice in the retail setting.



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01

Process of Obtaining Assistance for Buying Decisions

Various sources of information will be available to help buyers in predicting consumer demand and making purchases, and a buyer will want to seek out and use information from as many sources as possible.

There are TWO main sources for buying decisions:

INTERNAL SOURCES

- Store Record
- Management
- Sales Associates

EXTERNAL SOURCES

- Customers
- Magazines and trade publications
- Vendors
- Trade associations
- Comparison shoppers
- Fashion forecasters
- Reporting services
- The Internet
- Buying offices



Internal Source: Store Records



The most accessible and reliable sources that a retail buyer can refer to in preparing a purchasing plan are the store records. It includes the past sales and inventory records, either in the store's file or point-of-sales (POS) system.

It also happens that a formal request or "want slip" form filled by the customers is another proof of a product not in stock. Apart from that, a buyer can refer to the customers' feedback form.

A retail store that offers loyalty cards to its customers presents huge benefits. Retailers benefit from increased customer loyalty, data-driven insights, and improved profitability, while customers enjoy exclusive rewards and a personalized shopping experience.

Internal Source: Management



In a large retail store, buyers have little or no direct daily contact with the stores, and thus have to get input from store managers. It has to centralize the buyers at headquarters which means they have to consult with the merchandise manager upon approval of the buying proposal after changes. In addition to that, buyers have to get the budget plan approval from the finance officer – the one who controls the cash flows of the store.

For a small independent store, the owner must buy all the product categories carried by the store. They have to perform all the buying duties in addition to all the other responsibilities required in operating a retail business.

Internal Source: Store Associate



For a retail store, the store associate plays an important role in delivering promotional messages thus selling the product in-store. They act as the store's personal representatives since they deal directly with customers and are aware of their needs and wants. A store associate is the first party that encounters the customers hence a buyer can get insightful and genuine feedback from them.

TEST YOUR RETAIL UNDERSTANDING

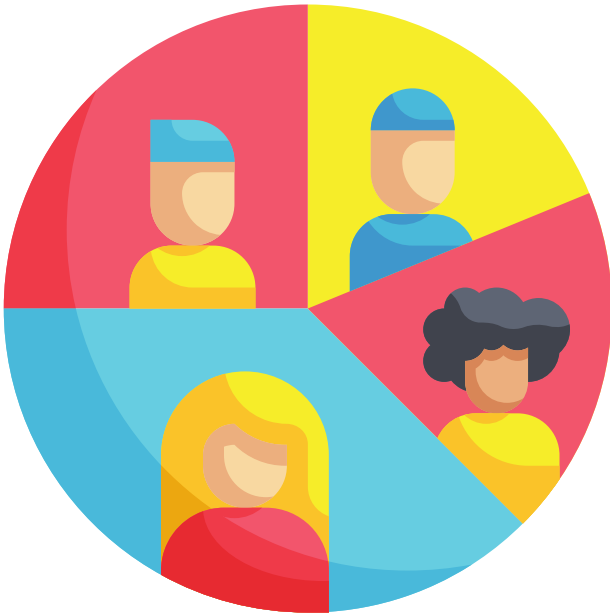


Various internal sources of information will be available to help buyers in predicting consumers' demand and making purchases.

Apply how a retail buyer shall use its **THREE (3)** types of internal sources for predicting consumer demand.



External Source: Customers



Customers are the ultimate aim of the target market for a buyer to fulfill their needs and wants. Their input is valuable in measuring the buyers' performance. It can be done either by distributing questionnaires formally to the customers or conducting interviews and observation informally in the store.

An established and large retailer can set up consumer advisory groups (CAG) or consumer advisory panels (CAP). The goal is to actively involve customers in the decision-making processes of a business and leverage their insights to improve various aspects of the company's operations. The following are the differences between CAG and CAP:



External Source: Customers

Feature	CONSUMER ADVISORY GROUP (CAG)	CUSTOMER ADVISORY PANEL (CAP)
Definition	A group of consumers providing feedback and advice to a business.	A selected panel of customers engaged by a business to provide insights and feedback.
Composition	Can be composed of a diverse group of consumers, chosen for their loyalty or representativeness.	Comprises a selected group of customers chosen by the business, often based on specific criteria.
Purpose	Gather feedback, opinions, and advice on products, services, and overall brand experience.	Obtain insights into customer preferences, test new ideas, improve products/services, and enhance the overall customer experience.
Engagement	Periodic meetings, surveys, focus groups, or other forms of communication.	Regular and ongoing engagement through surveys, discussions, product testing, and collaborative feedback sessions.
Frequency of meetings	Meetings may be less frequent and more ad hoc.	Regularly scheduled interactions and engagements to maintain an ongoing dialogue with customers.



External Source: Magazines & Trade Publications



Source: <https://www.forbes.com/special-report/2012/forbes-our-covers-our-message.html>

A retail buyer can gain resourceful knowledge on current trends in new product development (NPD), resource information, economic conditions and other market news through magazines and trade publications. To get the latest fashion insights, a buyer can read Vogue, Elle, and Cosmopolitan magazines; while Wall Street Journal, Business Week and Forbes where one can get updated with the economic and market trends.



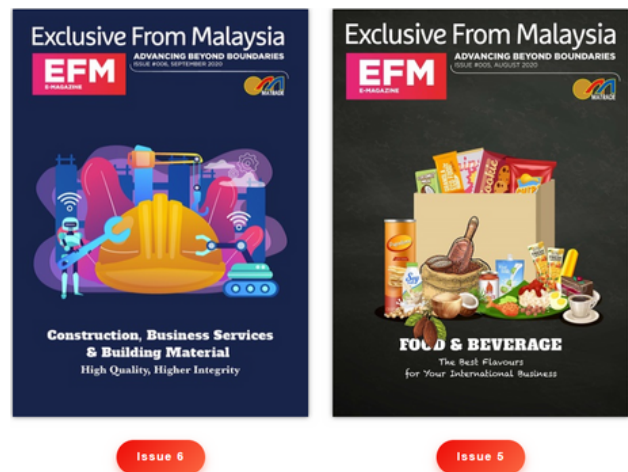
Source: <https://www.elle.com/uk/fashion/celebrity-style/articles/g15385/elle-covers/?slide=1>

External Source: Magazines & Trade Publications



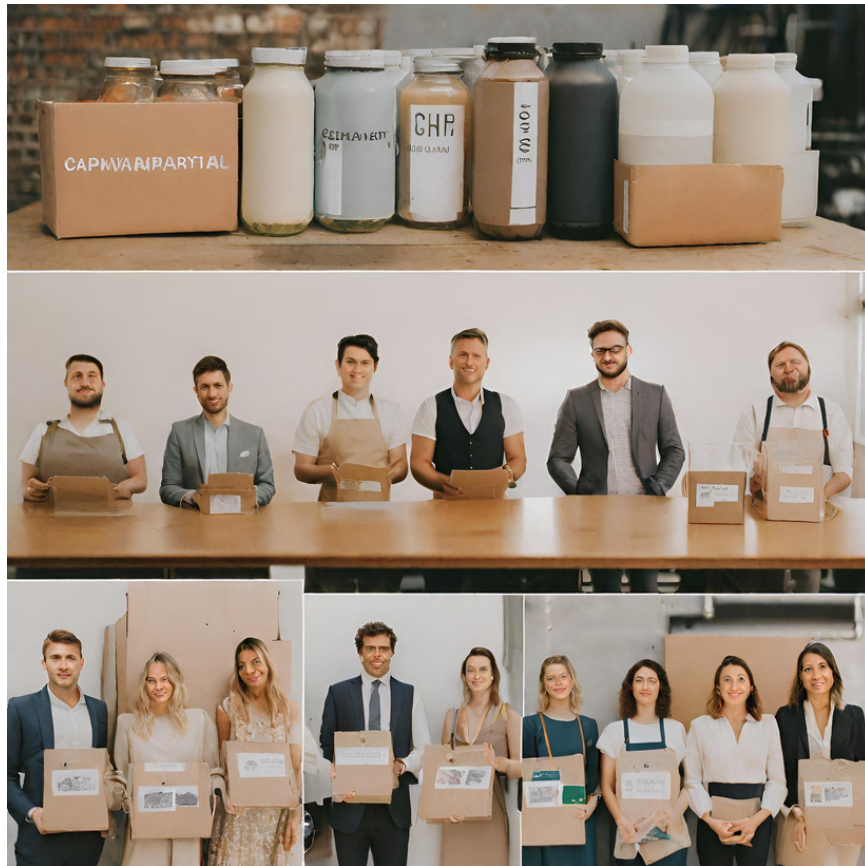
Source: <https://www.mrca.org.my/retailer>

Another relevant source for a retail buyer is to refer to the publications made by government agencies or trade associations such as Malaysia External Trade Development Corporation (MATRADE), Ministry of Investment, Trade and Industry (MITI), Malaysia Retail Chain Association (MRCA) and many others.



Source: <https://www.matrade.gov.my/en/export-to-the-world/trade-market-information-page/publications#archive-2>

External Source: Vendors



Vendors or suppliers play a part in assisting a retail buyer in making buying decisions. They are willing to release insightful information on what merchandise is popular among other retailers, and what merchandise to reorder. Therefore, a buyer must build a partnership with the vendors to foster trust in order to reap those benefits. Nevertheless, it is always thoughtful to either fully accept the vendors' advice rather than allow the vendor to make the decision.

External Source: Trade Association



Trade associations are the organizations of businesses with similar characteristics. By joining a trade association, a retailer can benefit from getting regular updates on the latest retail industry trends. They also offer opportunities for networking and socializing with other retailers and business partners. Thus, a buyer can plan to get resourceful information that will help to enhance the business retail operation.

External Source: Comparison Shopper



A comparison shopper evaluates products and prices across different retailers, providing insights to consumers or businesses. Responsibilities include researching and analyzing product features, prices, and customer reviews. By assessing competitors, they help clients in making informed purchasing decisions, identifying the best value for money. Utilizing online platforms and visiting physical stores, comparison shoppers contribute to market analysis, enabling businesses to stay competitive. Strong analytical skills, attention to detail, and an understanding of market trends are essential for success in this role.

External Source: Fashion Forecasters



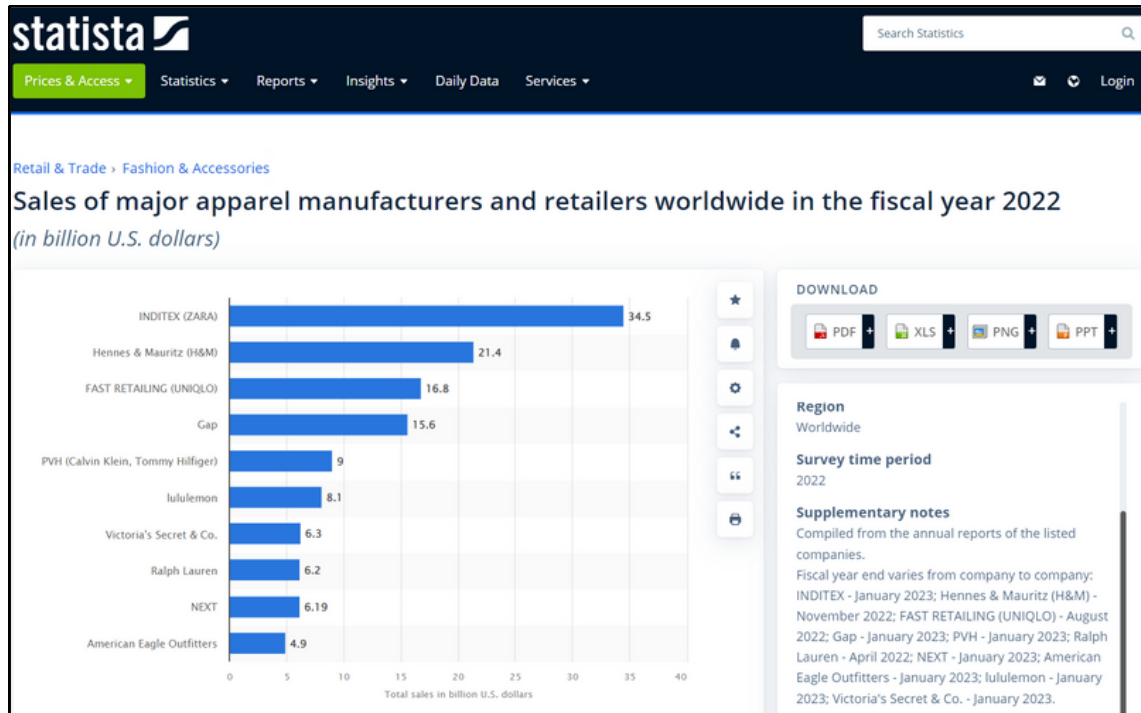
Source: <https://www.fashionsnoops.com/fashion-trend-insights>

trendstop

WGSN

Fashion forecasters play a pivotal role in the fashion industry by researching and analyzing various factors to predict upcoming trends. Attending fashion shows and collaborating with designers, they provide insights on emerging styles, fabrics, and design elements. Fashion forecasters compile detailed reports, communicating their predictions effectively to designers and brands. Trendstop and WGSN are two renowned agencies that play a pivotal role in the fashion industry by researching and analyzing various factors in predicting upcoming trends.

External Source: Reporting Services

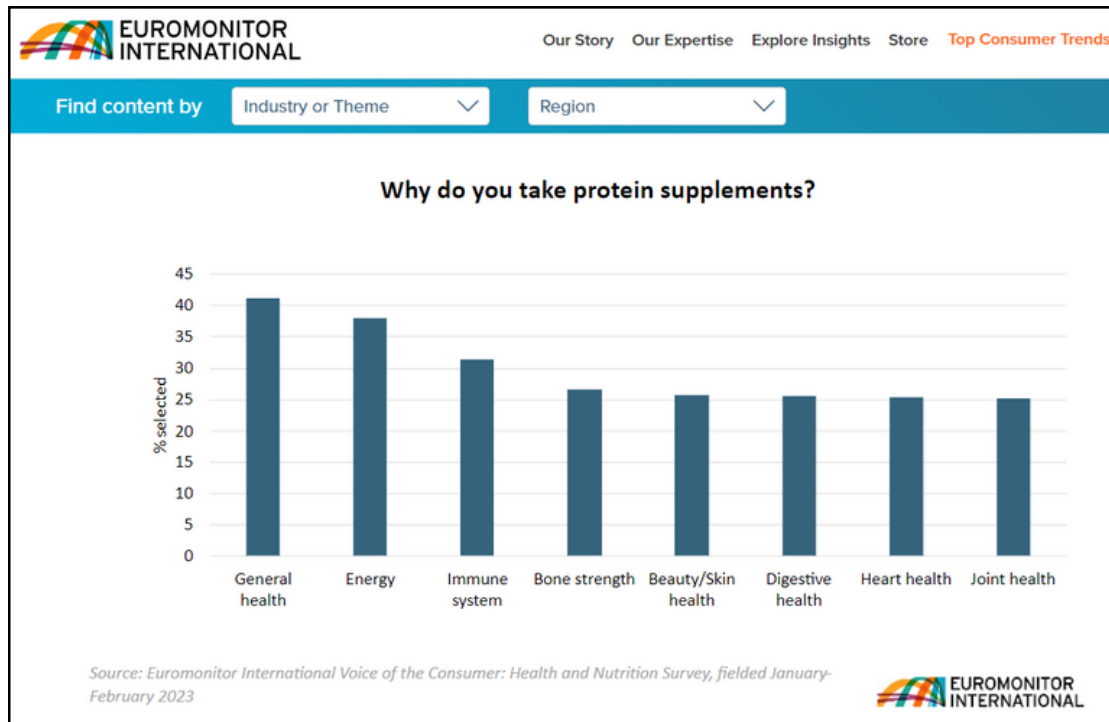


Source: Statista.com

The Internet has made the immediate delivery of information possible. Organizations that report on constantly changing market trends that will have an impact on the products purchased.

Statista.com provides statistical data on over 80,000 topics from over 22,500 sources. It offers freemium content that helps retail buyers look for reliable and relevant supporting facts in making buying decisions.

External Source: Reporting Services



Source: Euromonitor.com

Euromonitor International is an independent global leader that primarily conducts strategic market research - providing information and analysis on thousands of goods and services globally. Through this web platform, a buyer can use it to look for market analysis and consumer insights on various industries or categories.

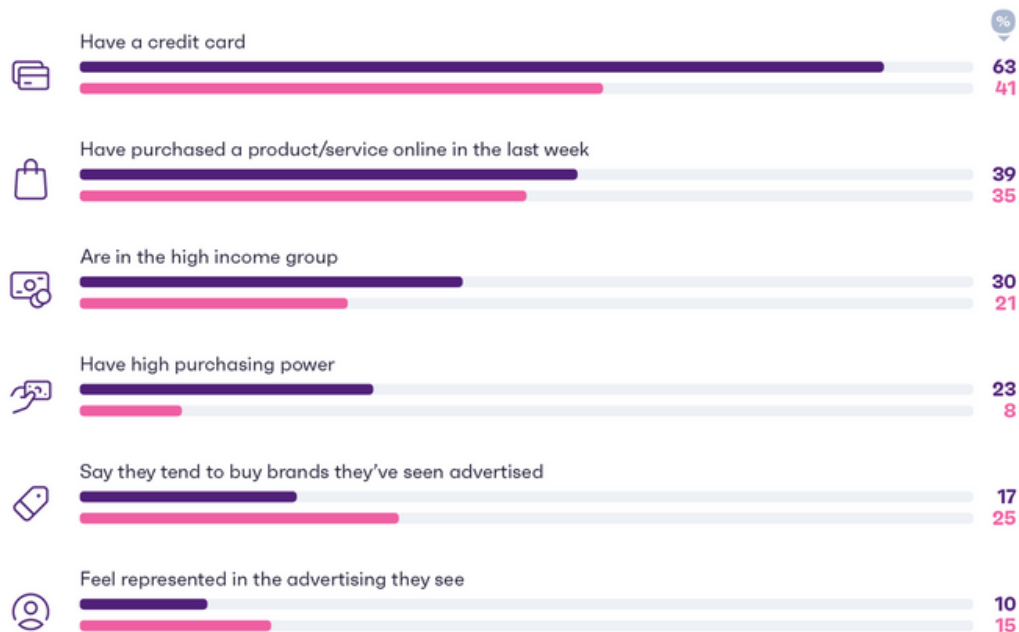
External Source: Reporting Services

Older consumers have more to spend

% in each generation who...

● Baby boomers

● Gen Z



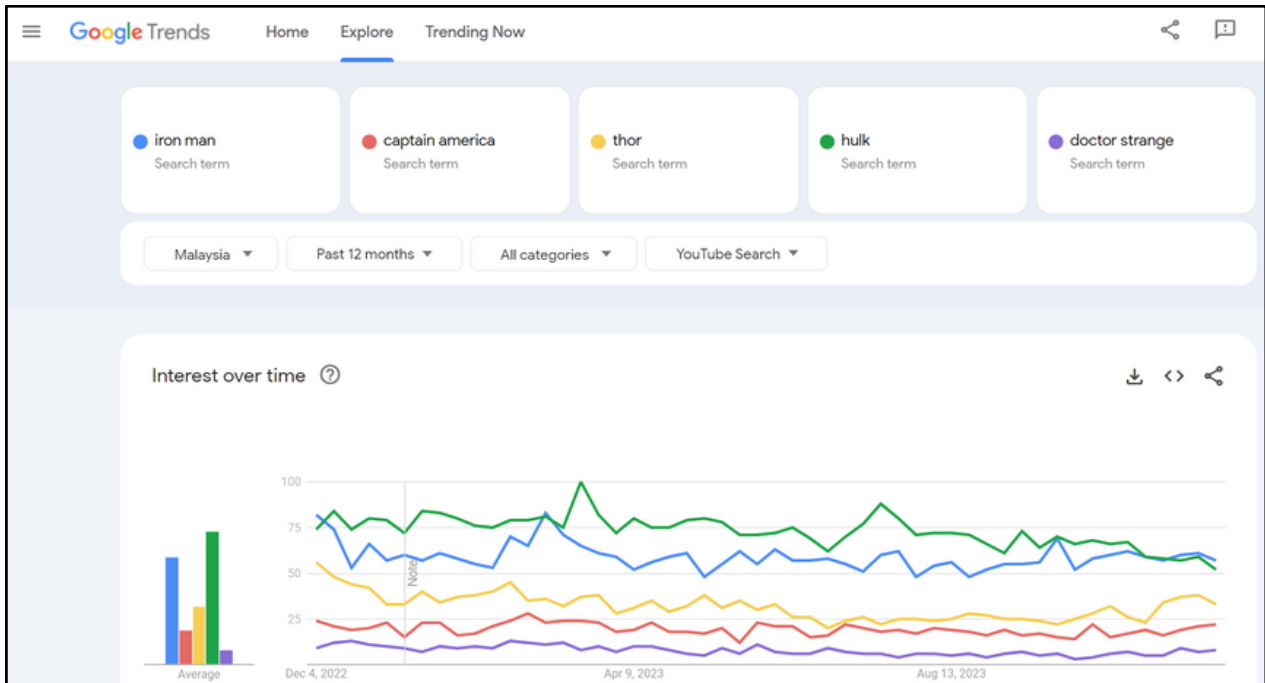
Source: GWI Core Q2 2023 • Base: 58,572 Gen Z aged 16-26 and 15,450 baby boomers aged 60-64

Source: GWI.com



GWI is an audience-targeting company that provides marketing insights on consumer research globally. A buyer can also use this company's services to support purchasing decisions.

External Source: The Internet

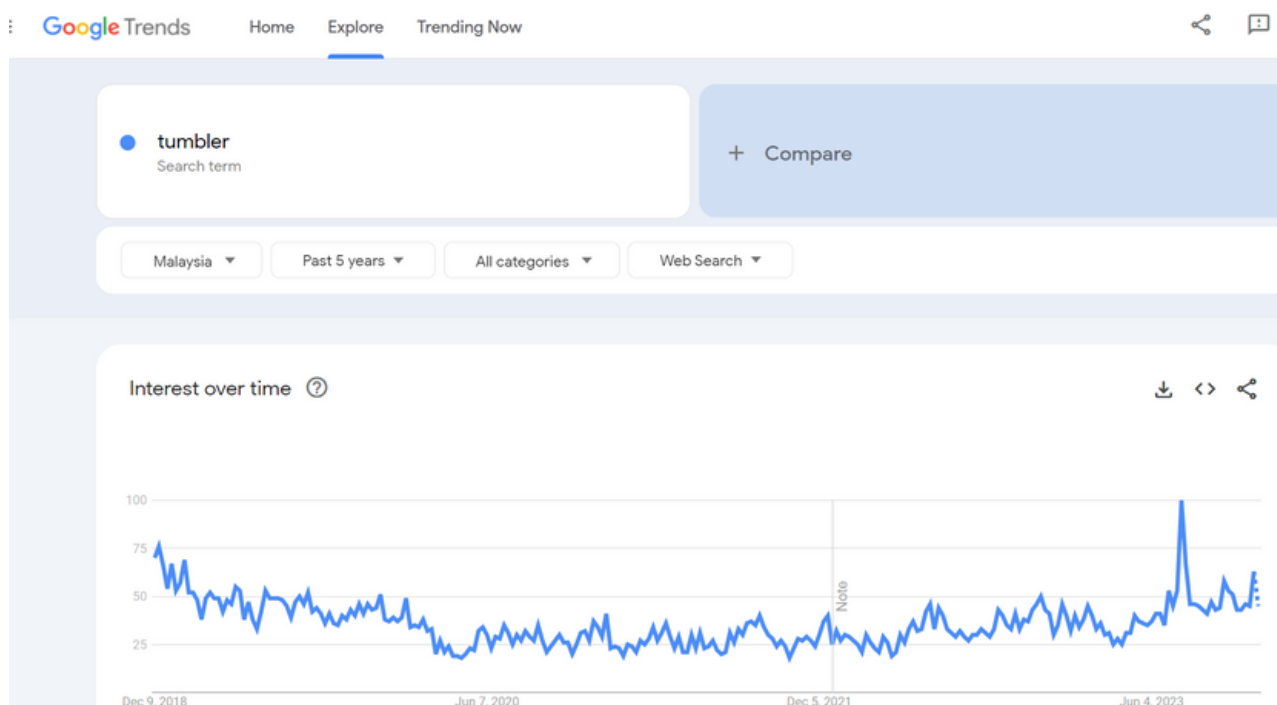


Source: trends.google.com

Among the newest research tools that buyers can use is Google Trends. Google Trends is a platform that shows what search keywords are trending or the internet users are interested in. A retail buyer can use this tool to study the search volumes of specific keywords. It provides insights into the relative interest in specific topics, keywords, or search terms on the Google search engine.

By using Google Trends, a buyer can see a snapshot of what prospects are searching for, helping him/her to understand market demand and consumer behavior. Besides that, it helps a buyer to establish content strategies by highlighting the current relevant topics.

External Source: The Internet - Google Trend



Source: Author's source

Reusable tumblers and water bottles are among the most popular things to sell online. Concerns over single-use plastics have encouraged many customers to start using reusable bottles in their daily lives. The search volume for “tumbler” on Google Trends has been increasing steadily in Malaysia. It reached its highest point in July 2023 and will remain high in 2024.

External Source: The Internet - Google Trend

For a retail student looking to make purchasing decisions for a retail store, Google Trends can be a valuable tool in the following ways:



Product Selection

Use Google Trends to identify trending products or product categories. This can inform decisions on what items to stock in the retail store.

Seasonal Demand

Understand seasonal variations in consumer interest. For example, if the store sells clothing, Google Trends can help identify peak seasons for specific fashion trends.

Keyword Optimization

Optimize product listings and marketing materials based on popular search queries. This can improve the visibility of the retail store online.

Pricing Strategy

Analyze the popularity of search terms related to pricing, discounts, or promotions. This can inform pricing strategies for products in the store.

External Source: The Internet - Google Trend



Competitor Analysis

Compare the popularity of search terms related to your products with those of competitors. This can help in understanding market competitiveness.

Geographic Targeting

Determine the geographical areas where specific products are in higher demand. This information can guide marketing efforts and inventory distribution.

Identifying Niche Market

Identify niche markets or products that might be gaining traction. This can help the retail student explore opportunities for specialized offerings.

External Source: Buying Office



A Resident Buying Office (RBO) is an entity that operates on behalf of a retail organization, typically in an overseas market. The RBO is responsible for handling local sourcing, procurement, and other buying activities for the retail company. It serves as a bridge between the retailer and local suppliers, facilitating the purchasing process, negotiating terms, and ensuring that products meet the retailer's standards and requirements.

The RBO plays a key role in managing the supply chain, reducing costs, and ensuring efficient and effective sourcing of products from the local market, especially when dealing with international retail operations.

External Source: Buying Office

Services provided by buying office

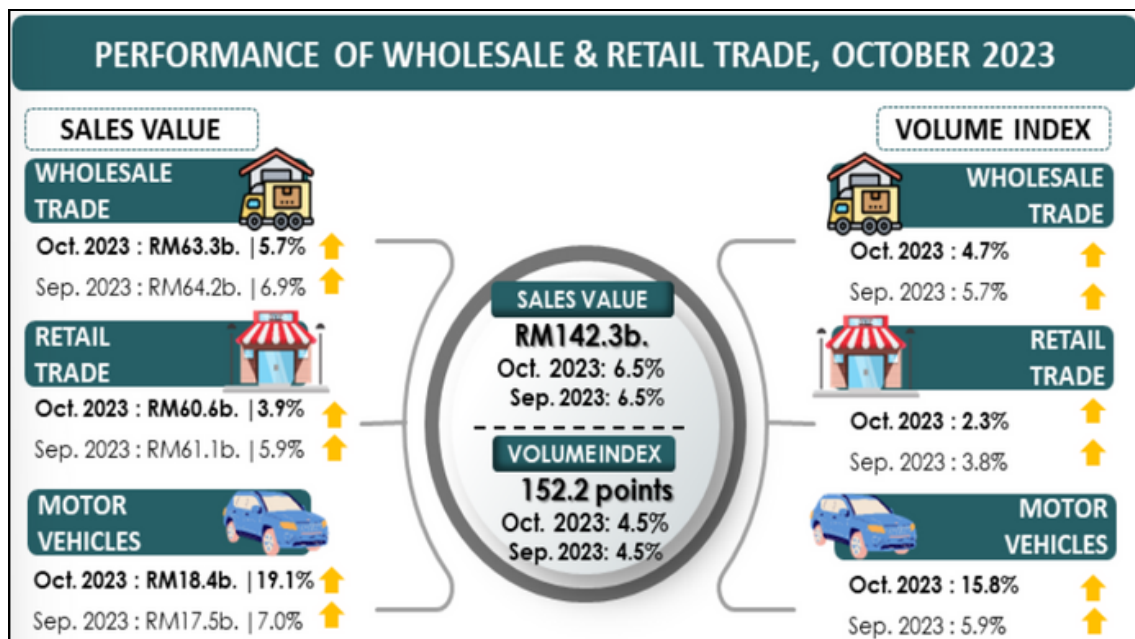


TEST YOUR RETAIL KNOWLEDGE



Visit Department of Statistics Malaysia (DOSM) Official Portal at <https://www.dosm.gov.my/> and download the publication of “Prestasi Perdagangan Borong & Runcit bagi bulan rujukan Oktober 2023”. Based on the document:

Identify **THREE (3)** sub-sectors under the wholesale & retail trade in Malaysia.



Source: Department of Statistics Malaysia (DOSM), 2023

TEST YOUR RETAIL KNOWLEDGE



There are specific main groups that contribute to each of the Wholesale & Retail Trade sub-sectors. Complete the following:

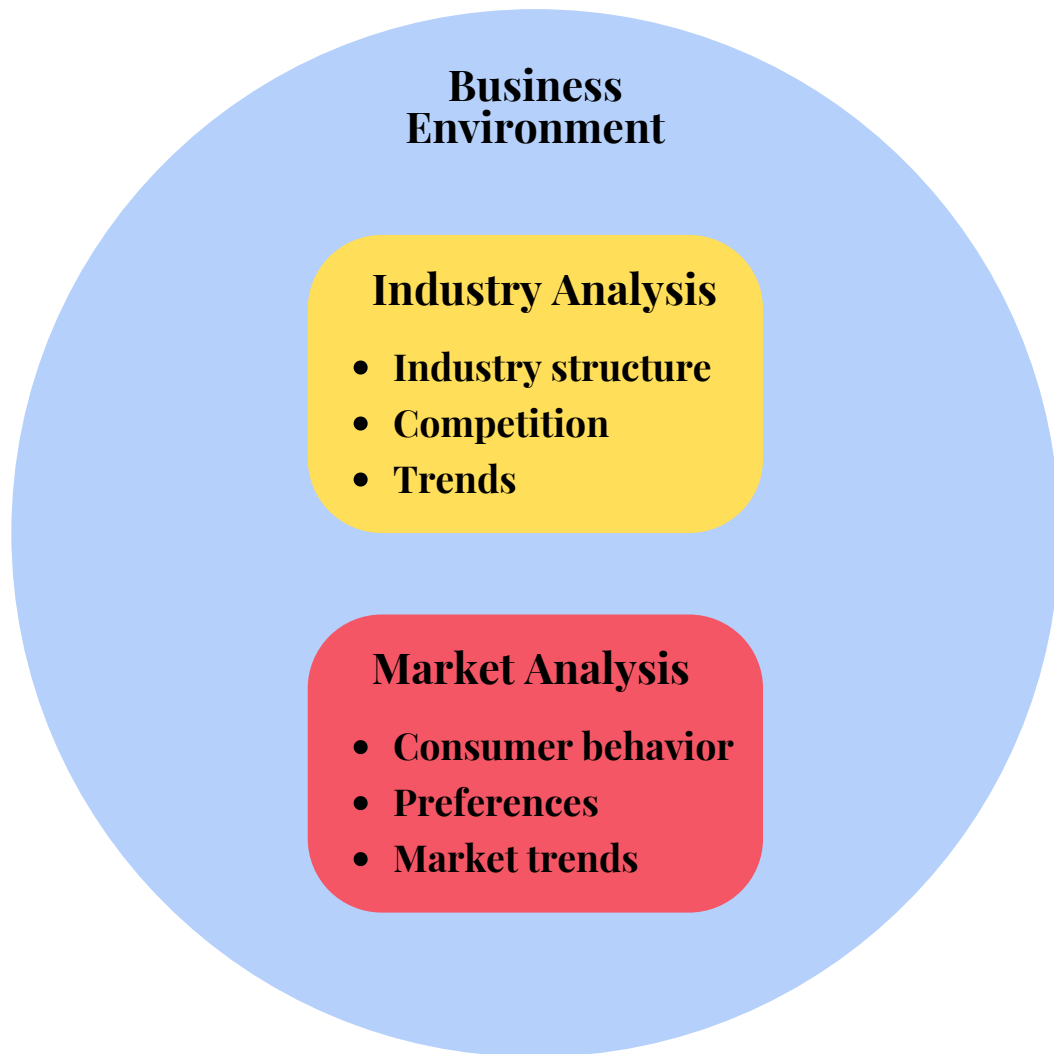
Wholesale Trade

Retail Trade

Motor Vehicles



PRACTICAL 1: RECOGNIZE BUYING SOURCES



In the diagram, the "Business Environment" encompasses both industry and market analyses. Industry analysis provides a broader view, influencing overall strategic planning, while market analysis offers specific insights that guide more tactical decisions within targeted market segments. The relationship between the two analyses is depicted as complementary components within the broader business environment.



PRACTICAL 1A: RECOGNIZE BUYING SOURCES

Industry analysis aims to provide a comprehensive understanding of the industry's structure (Porter's Five Forces analysis), competitive landscape, and long-term trends. This analysis helps businesses formulate strategies at the industry level.

Imagine you are working in a departmental store as a buyer. Conduct online research on the industry analysis for your department's product.



PRACTICAL 1B: RECOGNIZE BUYING SOURCES

Market analysis aims to provide insights into customer needs, preferences, and behaviours. It helps businesses tailor their products, services, and marketing efforts to meet the specific requirements of a target market.

Following your selection of department in Practical 1A, conduct online research on the market analysis for your department's product.



PRACTICAL 2: RECOGNIZE BUYING SOURCES

By using the selection of department in Practical 1A & 1B, you are required to conduct market research by using a Google Form.

Analyze the output of the market survey. Identify the product or business idea to be recommended by your department based on the result of the market survey.

TEST YOUR RETAIL UNDERSTANDING



There are various external sources to help buyers predict and make purchase decisions. The right decision will guide the buyer to get the right products at the right quantity and at the right time.

Discuss how a retail buyer can use external sources to make purchase decision in the store.



02

Consumers Buying Motive



Rational buying motive correspond to Maslow's Hierarchy needs (Source: Cherry, 2022)

Rational Buying Motives

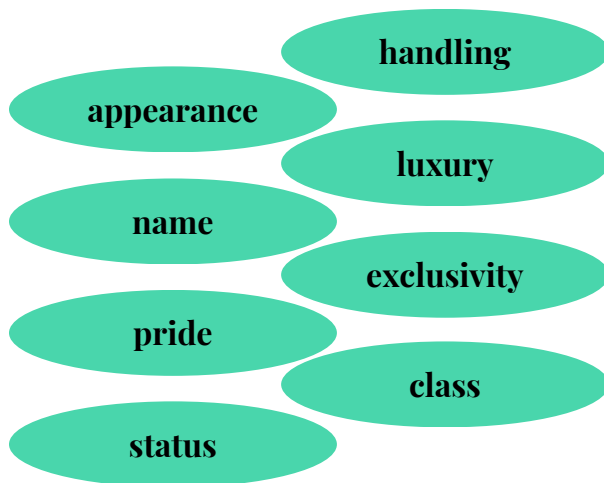
These motives prompt the prospect to act because of an appeal to the prospect's reason or better judgment. What is the lowest priced item, the longest lasting item, and the most dependable item? It is based on a customer's ability to reason in logical terms. This motive is concerned with basic human needs such as food, clothing, and shelter that correspond to the physiological needs in Maslow's Hierarchy.

Emotional factors



2018 Honda BR-V 1.5 E

RM 89,900

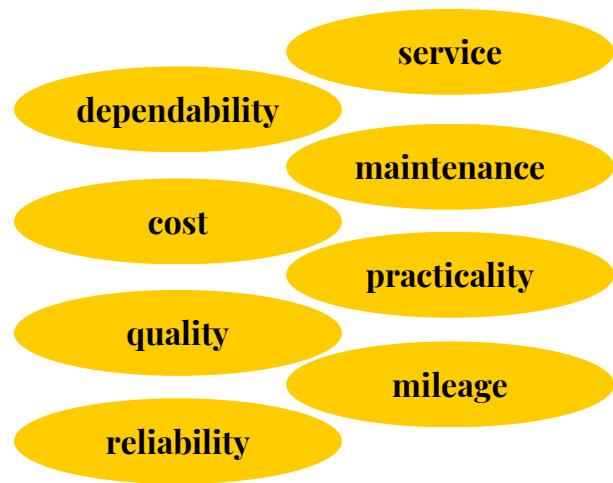


Rational factors



2018 Perodua Alza 1.5 AV AT

RM 60,525



Emotional vs. rational buying decision

Emotional Buying Motives

Emotional buying motives involve customers' feelings rather than logical thoughts. A person might look at either one or more of these factors of social acceptance, curiosity, changes, sex appeals, self-esteem, and group approval in considering making a purchase. Under this buying motive, it prompts the prospect to act because of an appeal to some sentiment passion or impulse. For instance, when a person considers buying a family car, with the option of a Honda BRV or Perodua Alza, he/she might look at various specifications and factors as in the above figure.



Factors of shopping experience by a patronage (Source: Altexsoft.com, 2019)

Patronage Buying Motives

Patronage buying causes the prospect to buy a product from one retail store rather than another. Some key factors used include the following:

- Convenience – store location, parking facilities
- Value received – high price vs. low price perspective
- Assortment of merchandise – buy in places where they can make all their purchases at one-stop
- Service offered – credit terms, delivery, gift wrapping, or alterations
- Experience and courteous sales associates – crucial to the retailer's image

TEST YOUR RETAIL UNDERSTANDING

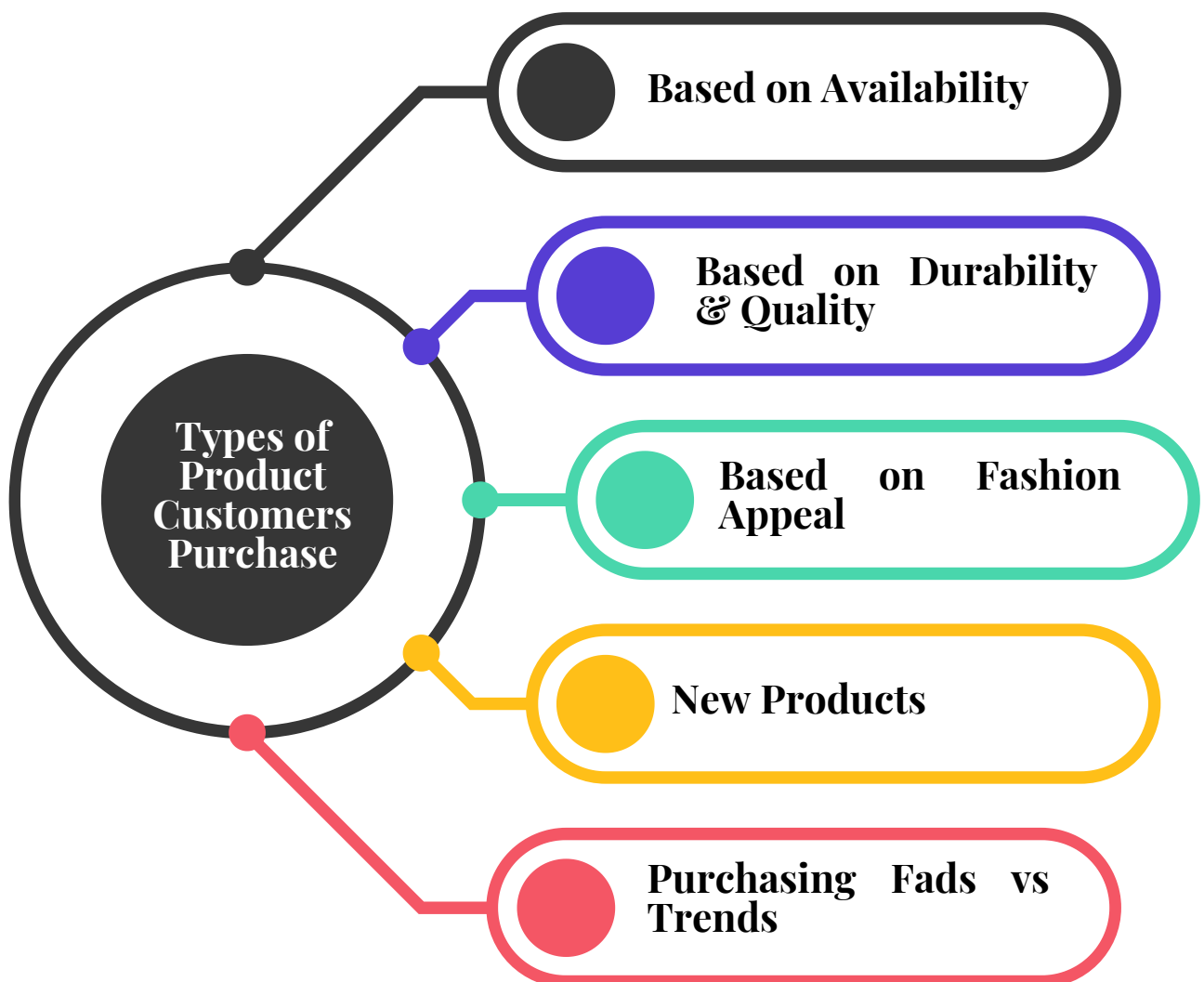


Explain **THREE (3)** consumer motives that a buyer shall consider before deciding to make a purchase.

A large rectangular area with horizontal blue lines on a light gray background, intended for the student to write their answer.

03

Types of Product Customers Purchase



Based on Availability

Availability refers to the amount of effort customers are willing to exert to obtain a particular product. Products purchased by consumers can be grouped into broad categories:

Product categories based on availability

Convenience product

a product that is easy to get, inexpensive, consumed in a short period of time, and bought on a frequent basis.

Shopping product

a product that is not as easy to get, costs more money, is infrequently purchased, and lasts a long time.

Specialty product

a specific consumer good that is available for consumer purchase at limited retail locations with a limited supply

Impulse product

a product which are bought by customers on impulse or without significant thought process as opposed to staple or essential goods



TEST YOUR RETAIL KNOWLEDGE



1. Can you name **TWO** examples of **CONVENIENCE PRODUCT**?

2. Can you name **TWO** examples of **SHOPPING PRODUCT**?

3. Can you name **TWO** examples of **SPECIALTY PRODUCT**?

4. Can you name **TWO** examples of **IMPULSE PRODUCT**?



Based on Durability & Quality

Durability refers to how long a product will last.

Durable products such as cars, furniture, and appliances can survive many uses and usually last for years. These products are relatively expensive, and customers purchase them infrequently.

Nondurables are products that are used up in a few uses or simply become out of date as styles change. Consumers tend to make frequent and regular purchases of these products if they are fresh, new, unique, current, and fashionable. Food products are the largest category of nondurables.

Quality and durability can also be related to the features that a product provides. For example, an Apple laptop priced at RM7,499 comes with the most advanced chip, and up to 22 hours of battery life which signifies its premium quality and exclusivity. Consumers' perception of this high-end price is always that the product has good quality and it is durable. In contrast, the Banana laptop priced at RM2,699 with similar performance as with Apple laptop will not be durable at an even lower price.



TEST YOUR RETAIL KNOWLEDGE



Select **TWO** products/brands that have similar characteristics to explain the concept of a product based on durability and quality.



Based on Fashion Appeal

Fashion is currently an accepted or popular style.

Style is a basic and distinctive mode of expression of the appearance of the product. Almost every product sold today is influenced by fashion. Buyers must realize the customer's determined fashion.

That is why building forecasting skills is so important in business and being able to predict the future depends mostly on understanding what has happened in the past.



TEST YOUR RETAIL KNOWLEDGE



What do you understand with the concept of "fashion" and "style"? Explain it by using **ONE** example to differentiate the concepts.



New Products

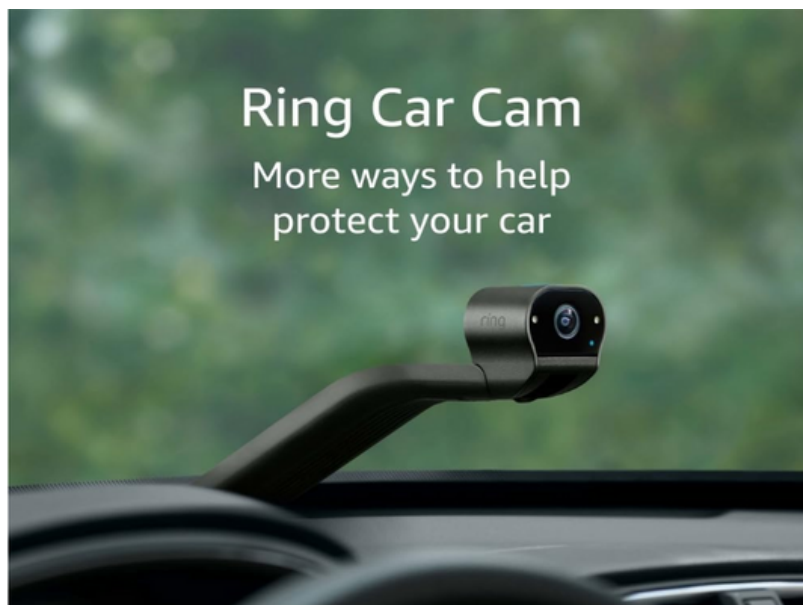
Today new products arrive in the marketplace frequently. Most new products simply offer improvements over existing products.

Buyers must be aware of the world around them and sensitive to the changes that are constantly occurring. New products make customers want to buy.

Buyers will face a tremendous selection of new products every time a buyer enters the market.



LG's wireless 97-inch OLED television is the world's biggest TV in the world that does not require any wiring connections.



Vehicle security camera by Ring is an innovative product that offers main features of dual-facing HD cameras, with night vision, live view and two-way talk when connected to the Ring app.

TEST YOUR RETAIL KNOWLEDGE



Identify any other **ONE** example of new products in the market, and justify its features and functions.



Purchasing fads versus trends

Understanding the difference between fads and trends is crucial for businesses and individuals seeking to navigate the ever-changing landscape of consumer preferences and popular culture. While fads may offer short-term gains, trends often present more sustainable opportunities for innovation and adaptation.

Aspect	FADS	TRENDS
Duration	Short-lived, rapid rise and decline	Longer lifespan, develops gradually
Popularity	Sudden surge, quick peak, rapid decline	Builds steadily, sustained popularity
Influence	Driven by urgency or fear of missing out (FOMO), superficial impact	Influenced by cultural shifts, lasting impact
Depth of Impact	Superficial, often temporary	Deeper impact, potential for lasting changes
Examples	Fidget spinners, Tamagotchi, hoverboard	Sustainable living, digital fitness, smartphone usage



TEST YOUR RETAIL KNOWLEDGE



Can you provide any other fad-products in the market? Discuss its features and existence in the market.

State the sources of current and/or incoming trends that you will look out for, and explain their effectiveness.



TEST YOUR RETAIL UNDERSTANDING



Vincenzo plans to open a Korean lifestyle departmental outlet in Malaysia. He assigns his buyers to source, develop and introduce product ranges that suit their stores and customers in Malaysia.

As one of the buying's department staff, analyze **FIVE (5)** types of products purchased by customers suitable for that Korean lifestyle departmental store.



In conclusion, "Retail Buying: Understanding Customer Decision for Malaysia Polytechnics Series" has conducted a comprehensive exploration of the types of sources influencing buying decisions, the diverse motives propelling consumer choices, and the spectrum of products purchased. It serves as a valuable resource for both retail management students and industry practitioners.

As I bring this journey to a close, the hope is that the information shared will empower individuals to make informed decisions, refine strategies, and contribute to the continued evolution and success of retail enterprises.





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Retail Buying: Understanding Customer Decision e-book is a tailored guide crafted for both retail management undergraduates and seasoned retail practitioners. This e-book is designed to be your comprehensive companion that delivers three key dimensions crucial for understanding of retail buying concepts: types of sources influencing buying decisions, consumers' diverse buying motives, and the varying types of products that customers choose to purchase. Each topic comes with questions to test the readers on retail knowledge and their understanding; as well as the practical part that expose readers on conducting desktop research to see the current practice in the dynamic retail setting.



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71760 Bandar Enstek
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