

NEW APPROACHES IN CREATION OF RETAIL PACKAGE DEALS BASED ON CONSUMERS' ATTITUDES IN TOURISM DESTINATIONS

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Abstract

Tourism sector in the Republic of Serbia has been recognized as greath opportunity, which could be of vital importance for the local economy. Trade and tourism are two inseparable and mutually complementary activities. Together, they could be developed only through the new models of integral development which are concerning innovations and new approaches in management of retail package offer in tourism destinations. The work methodology involves the use of analytical and empirical methods combined with the comparative method applied in the analysis of the impact of retail to the development of tourism and analysis of tourists' preferences and attitudes regarding their purchasing activities in destinations of Vojvodina region. Through this new approach will be improved management of retail package deals in the function of tourism development. Retail management should follow the modern trends in merchandising, location, sizing, design and financing of retailing constructions in tourism destinations. This workpaper will give exact results how to achieve competitiveness of tourism destinations in Vojvodina, northern part of the Republic of Serbia, through application of appropriate retail package deals, which will be respective to tourist needs.

Keywords

retail, management, marketing, tourism, package deals, behavior, consumers

JEL Classification

L83, M10, O14, M390

Introduction

The service sector of developing countries could be directed to the integral development of various complementary services, as well as appropriate planning and management of services. The process of improving the services sector must be in accordance with the development and the promotion of innovations. Tourism and its complementary activities have great potential for regional and economic development. Innovation is widely regarded as an important change process that can sustain business development in increasingly

dynamic markets. In recent years a large amount of literature has emerged on innovation, especially in technological markets. Particular focus has been on the types of innovation, the multi-faceted influences on the innovation process and on attempts to explain the underlying cause of differences in inter-firm innovation rates (Pettitt, 1990).

The basic assumption in this paper is that the practical application of innovation in management of retail environment, services and ways of financing such activities would actually contribute to the improvement of the complete package deals and make the destination more competitive in the market.

Review of scientific literature

Trade i.e., retail is particularly suitable area for improvement of tourism offer, on the one hand because of its intense character work, and on the other, it is a service business with a direct communication with consumers. Through the service character of retail, the real needs and demands of producers and consumers could be met. As previously pointed out, the development of certain types of tourism and the tourism sector in general, greatly affect the scope, structure and dynamics of retail, on the one hand, but also the range, quality, price and other elements of the marketing mix, on the other hand, that as a complete package deals are part of the tourism product. In other words, the structure of personal tourist spending allows drawing conclusions about the preferences of tourists and for possibilities of enhanced engagement of some stakeholders in the tourism supply (in this case retail) in meeting the individual wishes and needs of tourists and achieve positive economic effects. Such a complex analysis will enable to achieve successful management of retail package deals, which will be the key factor for development of tourism. It is clear that when making decisions managers of retail companies must take into account the needs and attitudes of the customer, in this case the tourists. What tourists have expected as a value and what are they buying is crucial for marketing decision-making and management. Therefore, what tourists buy will determine the nature of retailing in tourist areas or destinations. The point is to create such an offer of goods or services that will meet the specific requirements of tourists, while ensuring profits from retail sale. Adequate retail package offer of the trading companies includes the following:

- The range of goods
- Additional services
- The quality of its preservation
- Trademark
- Marketing price
- location
- Marketing communications
- Sales Promotion
- Regulation of retail space and product presentation
- Sales staff. (Kalinić, Ilić and Laketa, 2002)

Tourism and trade are two inseparable and mutually complementary activities (Lovreta, 2008). At early stages of development of tourism, trade (retail) was reduced to satisfying the needs of supply and souvenirs offer, but gradually have evolved and expanded as context of additional events in tourism. Today the offer of a variety of goods and prices on the market of some countries becomes even a motive for organized tours in the country, which resulted in the emergence of a new form of tourism, called the "shopping tourism."

At the beginning of the '90ies of the last century, the phenomenon of shopping tourism, where shopping is the main motive for the arrival of visitors to a tourist destination, becomes an important item for studying. Tourist destinations in their planning must consider how to improve retail outlets and retail environment, while managers of retail businesses must not ignore the need for highly qualified personnel and satisfying customers' needs (Dallen, 2005). Particular attention should be paid to planning and merchandising, planning shopping destinations, as well as effective management techniques to manage human resources in the retail and tourism to create a positive image, enhances customer satisfaction and achieves loyalty.

Mak (2003, p.32) indicates to a significant share of retail shops in the tourist offer of a place and the impact on tourism through shopping activities of tourists. He also looks at trade and therefore retail through the role of supplying catering establishments with the necessities required for the smooth operation of tourism activities. There is little literature that describes the interconnection between trade i.e., retail trade and tourism, and there are many relevant indicators of their interdependence and possible future models of their integrated functioning.

Tourism, hospitality and retail in Serbia

Trade has an irreplaceable role in the process of building of the integral trade economy and it takes an important place in the total of the Serbian economy. Trade activities are faced with big challenges such as globalization, increased competitiveness at the domestic market, concentration and taking over, introduction of new technologies, new retail sale formats, and electronic trade. The development of information society and technologies alter the way of entrepreneurship, adjusting it to the new needs of customers. New ways of selling are emerging, distance selling, electronic trade, as well as new commercial services, presentation of goods, advices, new services of paying and delivering (Serbian Chamber of Commerce, 2012).

The share of tourism and hospitality industry in the gross domestic product of the Republic of Serbia is about 3%, while in the total exports of goods and services it is up to 9%. Numerous positive examples show that by strengthening private initiative and small business in recent years, the retail in tourist areas have developed significantly. For the time being, the state tries to mitigate the problems of insufficient funding sources by stimulating lines of credit for starting a business, investing in undeveloped areas, promotion of tourism and catering services, but these incentives have to be much higher for the whole sector to reach its full development (Mirović, Pavlović and Puškarić, 2014). They should enable faster and better development of the sector, which is, as well as society as a whole in a transition phase. When it comes to tourism, which has good growth potential, it is necessary to initiate a series of activities that will improve the business environment for all enterprises in the sector, including retail (Pavlović and Ćurčić, 2011).

Research methodology and results

The purpose of the research is to find opportunities for successful functioning and development of differentiated and new tourism products through inter-sectorial linkage. In this way it would be possible not only to improve the retail and tourism, but also the entire service sector of the Republic of Serbia. The main task of this paper is to clarify and highlight the significance and importance of inter-sectorial linking of tourism and retail

entrepreneurs. By managing the instruments of marketing mix of all key stakeholders, it would contribute to improving the supply in terms of range, price, location, etc.

The research objectives are to:

- Point to the interdependence of retail and tourism in local economic conditions;
- The review of the practices and pointing to prospects and the possibility of application;
- Examine the perceptions and attitudes of visitors in a destination;
- Determine the comparative advantages of integrated retail development and tourism;
- Creation of the model of integrated development of tourism entrepreneurship and retail trade.

For the purposes of this paper, the survey research process was carried out and processed in order to obtain results, and respondents' opinions on the importance of retail to tourism development. The survey research method was implemented in tourist places in Vojvodina. The region of Vojvodina is the northern part of the Republic of Serbia and there are two key tourist destinations: Novi Sad and the environment and Subotica with the Lake Palić. Defining the problem of a research relates to the evaluation of the necessity of organizing and managing retail package deals i.e., marketing tools in the tourist places in Vojvodina. One of the key roles of retail management, which will have the ultimate goal competitiveness of tourism destinations in the Republic of Serbia, is the construction and maintenance of feedback from consumers, in this case the tourists. Satisfaction of clients with retail services in tourist areas is the difference between their demands and desires i.e., their expectations with regard to the services provided and what they actually perceive when it comes to the overall quality of a service retail entity in the tourist destination.

Analyzed structure of the sample (N=320) and the results of descriptive statistics about demographic characteristics of respondents, habits during their stay, spend and proposal for improvement of retail offer are used for quantitative and qualitative research (table no. 1).

Table no.1: Descriptive statistics of used sample (N=320)

Characteristics	Freq	%	Characteristics	Freq	%
Tourists			Travel organization		
Domestic	127	39.7	Individual	221	69.1
Foreign	193	60.3	Group	99	30.9
Sex			Motives of arrival		
Male	165	51.6	City break, tours and meeting of destination	99	30.9
Female	155	48.4	Business and MICE	60	18.8
Age groups			Visiting of Friends and Family	64	20.0
16-25	91	28.4	Other	97	30.3
26-35	75	23.4	Length of stay		
36-45	73	22.8	1-3	101	31.6
over 45	81	25.3	4-7	151	47.2

Occupancy			8-14	45	14.1
Pupil / student	87	27.2	over 14 days	23	7.2
Worker in manufacturing industries	61	19.1	Accommodation		
Worker in the non-manufacturing industries	104	32.5	Hotel, motel, pension and other similar accommodation	191	59.5
Manager	30	9.4	Private accommodation	24	7.5
Pensioner	29	9.1	Friends and family	99	30.9
Other	9	2.8	Other	6	1.9
The most visited retail formats			The most bought articles		
Trade centers and malls	174	54.4	Postcards and printed editions	48	15.0
Classic stores	38	11.9	Souvenirs	212	66.3
Authentic shops in city centers	62	19.4	Typical domestic products	39	12.2
Other (museums and galleries, antiques, street sellers, markets)	46	14.4	Clothes	14	4.4
			Other	7	2.2

Source: Made by the authors of the paperwork based on data analysis in SPSS 19.0

In order to create an adequate retail package deals of tourist destinations in Vojvodina, primarily we wanted to determine whether there are links between sex, age, origin and travel organization of respondents and their visits to the malls and trade centers. In order to determine the significance of differences it was used Pearson χ^2 test of independence. The strength of correlation between variables were measured over Phi correlation coefficient (for 2x2 tables) and Cramer's V, for more than two categories by rows or columns.

Chi-square test of independence (with continuity correction according to Yates' Correction of Continuity) demonstrated the link between sex and visit the malls in tourist destinations in the province of Vojvodina, $c^2(1, N = 320) = 6.97$, $p = 0.008$, $fi = -0.154$. The coefficient phi shows that sex structure of the respondents does not influence greatly on their habits to visit malls and trade centers, because coefficient phi is small according to Cohen (1988). The same test was used to determine whether there are links between origin of respondents (domestic or foreign tourists) and their visits to the malls and trade centers. Chi-square test of independence (with continuity correction according to Yates' Correction of Continuity) demonstrated the link between origin and visit the malls and trade centers in Vojvodina, $c^2(1, N=320) = 57.69$, $p=0.000$, $fi = -0.431$. The coefficient phi shows medium influence, according to Cohen (1988), which means that foreign tourist are visiting malls and trade centers more than domestic tourist.

To create an adequate package deals of retailers in tourist destinations and establish the relevant connection with the habits of tourists who visit Vojvodina and their preferences, it was necessary to analyze whether there is a connection between the motives of their arrival, length of stay, accommodation, goods that are bought and costs allocated for the purchase, during their stay in the tourist destinations. Further tests indicate that there is a connection between the motives of their arrival and goods they are buying. These tests were carried out also with non-parametric tests or Pearson χ^2 test of independence. The Pearson χ^2 test of independence showed a significant links between motives of tourists' arrival and their choices for the purchase of certain products . Chi-square test of independence demonstrated the link of medium strength within motives of respondents' arrival and purchase of certain goods in tourist destinations of Vojvodina, $c^2(6, n = 320) = 17.72, p = .007$, Cramer's V = 0.17. Cramer's V coefficient (R-1, C-1) = 2, shows that the influence of motives of arrivals and purchase of selected goods, are on the border between medium and large impact, according to Gravetter and Wallnau (2004).

The relationship between length of stay and the size of the costs for shopping (measured by Lickert 4-point scale) was investigated using Spearman's rho coefficient. The results are showing medium positive correlation between these two variables, $r = 0.367, n = 320, p < 0.005$, wherein the length of stay of tourists follows higher costs for purchase.

One-way analysis of variance (ANOVA) revealed that there are differences between the types of tourist accommodation in comparison to the costs of the purchase. It was noted that among certain types of accommodation and the costs there is a statistically significant difference $F(3, 316) = 5.649; p = 0.001 < 0.05$. Subsequent using the Tukey's test showed that the costs are higher for respondents, who stayed in hotels, motels and similar accommodation in relation to those who stayed in private accommodation, as well as those respondents who stayed in other types of accommodation. It also revealed the difference in the costs of the respondents who stayed in private accommodation and those who stayed at friends or relatives. Also, it was noted difference between costs of respondents who stayed in other types of accommodation and those who stayed at friends and relatives

The questionnaire also contained open-ended questions, where tourists were able to express their views with regard to the retail offer in the places for tourist in Vojvodina. This is where the respondents gave numerous constructive answers and suggestions for improving the retail offer so the tourist expenditure would be higher and destination would become more competitive. From total number of answers (N=320) only 16.6% of respondents have had opinion that complete package deals in tourism destinations of Vojvodina are complete and they would not change anything. The largest proportion of responses 25.3%, were related to price reduction, which leads to conclusion the pricing policy should be considered as important factor in retail management in tourism destinations. It was also significant to them the existence of authentic markets in important squares and tourist sites, with handicrafts, souvenirs and traditional gastronomic products. A part of the respondents thought that it was necessary that the sales staff at the tourist destinations, both in facilities for the provision of food and accommodation, or in retail stores speak at least English. It is significant for qualitative research to notice that respondents consider that there is a lack of specialized goods store or gift shops, where they could buy souvenirs, and a part of them thinks that these facilities are not sufficiently promoted because the goods of the souvenir character were not available to them. It was suggested to organize the electronic *online* shop for certain products, to make them accessible to tourists even after they return home.

The respondents are of the opinion that there should be much more stores intended for tourists in the city centers than as it currently is. All answers are systematized in 10 group of proposals for retail management improvement and innovation.

Conclusions

Determining the activities that tourists perform during their trips to certain destinations is a key component in the strategic planning and development of tourism contexts. Until now, the role of purchasing was underestimated as a tourist activity, despite the fact that a significant percentage of the time and money is spent during the tourist shopping. As shown in the main part of this paper, tourist shopping is a complex phenomenon, closely linked to the socio-cultural, economic, political, and spatial understanding. When it comes to tourist offer, shopping has even deeper hedonistic meaning as one of the most important extra service activities, when all forms of tourism, as well as the types of tourist destinations are taken into account.

Development of certain forms of tourism and its sector in general is greatly affected by the scope, structure and dynamics of retailing, on the one hand, but also the range, quality, price and other elements of the marketing mix, which as a complete package offer are a part of an integrated tourist product. The confirmation of this is the quantitative data on the structure of tourism consumption, obtained by analysing survey research of the tourist market segment of Vojvodina. Meeting of individual wishes and needs of tourists will achieve positive economic effects and destination competitiveness. Such a complex understanding involves the successful management of retail package deal, which will serve the development of tourism. It is clear that the managers of retail companies when making decisions must take into account the needs of the customers, in this case tourists.

Retail package deals in tourist areas, implies an adequate management of marketing mix elements, which will lead to more intensive development of tourism and destinations competitiveness. It is very important creation of basic conditions in which will all participants in the tourism supply, primarily manufacturers and sellers find their own interest. The stagic concept would be equation od tourism exporters with other exporters, with measures of export incentives.

The basis for further expansion could be founded in the role of retailers in the function of tourism and its much more active attitude towards this field. Under the assumption that creation of conditions that will encourage manufacturers of various products through tourism, especially those ehich are tourists seeking and gladly buying (souvenirs, clothing, leather, sports equipment, linens, crystal, glass, porcelain, food products, beverages, etc.) it is clear that retailers must be more intensely involved in these processes. It is important that typical and authentic products from the destination have online shop.

Hospitality, tradition and the preservation of authentic local architecture, are the main factors that contribute to the uniqueness in terms of the tourists' perception, which is the basis for the quality of the tourist experience. The perception of uniqueness derives from a combination of form and function of retail stores or shopping areas. Qualification depends on how the uniqueness of the product mix, as well as the characteristics of the shopping environment. All in all, spatial and functional connectivity of retail stores in the local tourism system is an important issue for the planning and marketing of tourism destinations.

Final conclusion, on the basis of conducted research, indicates that retail managers need to monitor changes related to innovation in assortment quality, retail location, expenditures and other elements of the marketing mix, with respect of tourists' preferences, who represent a significant segment of retail customers.

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