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Consumer purchase intent of the Greater ABC region in Sao Paulo for the Children's Day

Abstract

This article shows the consumer purchase intent of the Greater ABC region in Brazil for the Children's Day. The region known as the Greater ABC is in the vicinity of Sao Paulo, which is the capital of the state of Sao Paulo and comprises the cities: Santo Andre, Sao Bernardo do Campo, Sao Caetano do Sul, Diadema, Maua, Ribeirao Pires and Rio Grande da Serra with a consumer market of about 27 billion dollars. It is because of this potential that the research was conducted there. 501 respondents were interviewed, to identify the profile and the consumer purchase intent for the presents of Children's Day, celebrated in Brazil on October 12th of each year. Exploratory research was carried out using a questionnaire with 18 questions applied to consumers in various parts of the towns and cities of the Greater ABC with qualitative and quantitative questions. After the data analysis it is possible to know the customer profile, the profile of the children who will receive the presents and the determinants of consumer decision.

Key words

Greater ABC Region, Children's Day, consumer purchasing decisions, retail operations

1 - Introduction

Consumers buy the products they need at the point of sale near their home in the quantity and quality that their budget allows. The companies in turn should offer the product that the consumer needs in the price, quantity and quality required by them. Companies must see the customer as a financial asset to be managed aiming at maximizing their results, as is the case with any other resource (Kotler, 2003). Discover what the consumer wants in advance has been the great challenge of organizations in order to make the sale the most natural and with the lowest possible cost, not only financial, with customer assistance, for example, but also emotional, represented in the consumer's expression of disappointment when they do not find what they want.

This article, based on a survey with 501 respondents, identified the consumer purchase intent of the Greater ABC region in Brazil for Children's Day, as well as the profile of that customer, the

profile of the children who will receive the presents and the determinants of the decision of consumption. The Great ABC currently makes up the 4th largest consumer market in Brazil, estimated by the consulting firm Target Market, with about R\$ 47.9 billion for the year 2011. Given the size of this market, it is essential to analyze in depth its characteristics, generating detailed information as a way to expand knowledge about it (Observatório Econômico, 2011).

Buying gifts for occasions like birthdays, graduations, anniversaries are some of the motivations for consumers to make their purchases. Children's birthday parties, and related consumption, form an integral part of the social process of mothering in contemporary consumer culture and commercialized, mass produced goods and birthday services are used as a means of limiting expressive gift relations and hospitality. In this sense, the search for sameness, through the cultural practice of making children's parties, is at once liberating and potentially oppressive in its strive for the normative and its inadvertent exclusion of 'other' care-givers (Clarke, 2007).

In general, in the regions that make up the large consumer markets, research is aimed at obtaining qualitative and quantitative information, in order to support the productive sector, as well as trade in their decision-making (Observatório Econômico, 2011).

2 - Objectives and Methodology

Identify the consumer purchase intent of the Greater ABC region in Brazil for Children's Day, as well as the profile of that customer, the profile of children who will receive the presents and the determinants of consumer decision. We administered a questionnaire consisting of 18 multiple choice questions that, after data analysis, could identify all aims mentioned initially. The data collection was conducted in seven municipalities that make up the Greater ABC - Santo Andre, Sao Bernardo do Campo, Sao Caetano do Sul, Diadema, Maua, Ribeirao Pires and Rio Grande da Serra. The research was distributed in proportion to the population of each town or city, as described in the following item review of the literature.

The questionnaires were conducted by a team of students from the 2nd term of Economics at the Methodist University of Sao Paulo under the supervision of Professor Sandro Maschio. Before going into the field, the team conducted a pilot study for improvement of the research techniques and validation of the data collection instrument. The research is exploratory and the data were sampled. The main reason why data are collected by sampling and not by complete enumerations

is to get lower cost and time (Boyd and Westfall, 1973). A sample requires less field researchers, who can receive better training and have their work supervised more accurately.

Table 1: Places of application of the questionnaire, population and total questionnaires

| Municipality | Population (by thousand, 2010) | Total questionnaires | Place |
|------------------------------|---|-----------------------------|---|
| Sao Bernardo do Campo | 765,463 | 150 | Metrópole Shopping Mall; Marechal Ave. (Downtown) and surroundings |
| Santo Andre | 676,407 | 133 | ABC and Grand Plaza Shopping Malls, Oliveira Lima business area (Downtown) and surroundings |
| Maua | 417,064 | 82 | Maua Plaza Shopping Mall; downtown shopping streets and surroundings |
| Diadema | 386,089 | 76 | Downtown shopping streets and surroundings |
| Sao Caetano do Sul | 149,263 | 29 | Santa Catarina and Manoel Coelho Streets (Downtown) and surroundings |
| Ribeirao Pires | 113,068 | 22 | Downtown shopping streets and surroundings |
| Rio Grande da Serra | 43,974 | 9 | Downtown shopping streets and surroundings |
| Greater ABC Region | 2,551,328 | 501 | |

Source: authors based on data from the Observatório Econômico

The survey was carried out between 17th and 24th September. This period was chosen for being the time between the salary advance (for a number of workers) and close to receiving payment for the month of October, which exert a strong influence on consumer decisions for the Children's Day, given the proximity to the celebration date . To achieve these characteristics, 400 interviews is the minimum sample size required. Altogether 501 interviews were conducted. After analyzing

the database, the validation process effected 439 interviews, which were included in the effective sample of the study (Observatório Econômico, 2011).

3 - Theoretical referential

3.1 Greater ABC Region

The region known as the Greater ABC is in the vicinity of Sao Paulo, which is the capital of the state of Sao Paulo and comprises the cities: Santo Andre, Sao Bernardo do Campo, Sao Caetano do Sul, Diadema, Maua, Ribeirao Pires and the Rio Grande Serra with a consumer market of about 27 billion dollars. Known by the presence of some of the world's most famous car companies such as Ford, General Motors and Volkswagen, the region is undergoing a rapid transformation and becoming an area of trade and services.

Table 2: GDP and GDP per capita of the ABC Region in 2010 (in million U.S. dollars)

| Municipality | GDP In million U.S. dollars | GDP per capita In dollars |
|-----------------------|--------------------------------|------------------------------|
| Sao Bernardo do Campo | 18,768.5 | 23,420.0 |
| Santo Andre | 8,447.9 | 12,583.30 |
| Sao Caetano do Sul | 6,394,4 | 42,325.0 |
| Diadema | 5,850.55 | 14,840.5 |
| Maua | 3,566,7 | 8,641.4 |
| Ribeirao Pires | 934.4 | 8,386.3 |
| Rio Grande da Serra | 220.55 | 5,363.8 |

Source: authors based on data from the Observatório Econômico

3.2 Children's Day

The World Children's Day is November 20th, but in Brazil this date is celebrated on October 12 by appointment of Congressman Galdino do Valle Filho in the 1920s and approved by the President of Brazil Arthur Bernardes, through decree No. 4867, on November 5th, 1924, the date of October 12 as the “Day of the small ones”.

Table 3: Index of consumption potential in billions of U.S. dollars

| Municipality / Region | ICP |
|------------------------------|------------|
| Sao Paulo | 129,6 |
| Rio de Janeiro | 73,8 |
| Federal District | 27,2 |
| Grande ABC | 26,7 |
| Belo Horizonte | 26,1 |
| Sao Bernardo do Campo | 8,9 |
| Santo André | 7,9 |
| Maua | 3,3 |
| Diadema | 3,2 |
| Sao Caetano do Sul | 2,2 |
| Ribeirao Pires | 1,0 |
| Rio Grande da Serra | 0,31 |
| Greater ABC | 26,8 |

Source: prepared by the authors based on data from the Observatório Econômico

As a mode of cultural activity that spans the intimacy of familial relations and established traditions of commemoration, consumption and aesthetic discourse around birthday parties offers a unique insight into the contradictory nature of contemporary parenting (Clarke, 2007).

4 – Analysis of the data and results

To identify the determining factors in the consumer intent to buy gifts for the Children's Day in the Greater ABC, 501 people were interviewed between 17th and 24th September 2011 and 439 interviews were validated. The municipalities that make up the ABC region and the number of respondents are: Sao Bernardo do Campo: 150, Santo Andre: 133, Diadema: 76, Maua: 82, Sao Caetano do Sul: 29, Ribeirao Pires: 22 and Rio Grande da Serra with 9 respondents. The gender distribution of the 439 respondents was 61% female and 39% male, with average age between 20 and 35 years old, and these consumers had the budget as the major determinant for the decision of the gift they were going to buy for children.

Table 4: Municipality where the respondent resides

| Municipality | Percentage |
|-----------------------|-------------------|
| Sao Paulo | 7 |
| Sao Bernardo do Campo | 24 |
| Santo Andre | 16 |
| Maua | 18 |
| Diadema | 20 |
| Sao Caetano do Sul | 7 |
| Ribeirao Pires | 4 |
| Rio Grande da Serra | 3 |
| Others | 1 |

Source: authors based on data from the Observatório Econômico

The town where the respondents reside is not always where they purchase. The concentration of persons residing in Sao Bernardo do Campo, Santo Andre, Maua and Diadema is very significant because of the economic potential of those towns or cities, which over the second half of the twentieth century attracted large numbers of residents because of the installation of large car assemblers and metallurgical industries.

Table 5: Level of Family Income

| Income level | Percentage |
|---------------------|-------------------|
| Up to 1 MW | 2 |
| 1 to 2 MW | 8 |
| 2 to 3 MW | 17 |
| 3 to 5 MW | 26 |
| 5 to 10 MW | 33 |
| 10 to 15 MW | 10 |
| 15 to 20 MW | 2 |
| Over 20 MW | 2 |

Source: authors based on data from the Observatório Econômico

In Brazil the minimum wage in the month of the study was R\$545.00. As the exchange rate for every dollar is R\$1.80, the MW is equivalent to US\$302.78. All monetary values presented in this article have been converted at this rate of exchange to facilitate the interpretation and understanding of the subject. About 33% of respondents reported having family income between 5 and 10 minimum wages (between US\$1,514.00 and US\$3,027.80). Most respondents, approximately 60% has proven to be family income between 3 and 10 minimum wages (US\$908.33 and US\$3,027.80). The availability of family income proved to be an important

determinant of consumer choice, having influence over the type of shop, pricing, and willingness to spend (Observatório Econômico, 2011).

Table 6: Status of the respondent in the labor market

| Situation | Percentage | Situation | Percentage |
|-------------------------------------|-------------------|----------------------------------|-------------------|
| Employed formally hired | 58 | Unemployed | 4 |
| Self-employed | 10 | Employee informally hired | 3 |
| Civil Servant | 7 | Liberal Professional | 2 |
| Housewife | 4 | Freelancer | 1 |
| Retired | 4 | Investor | 1 |
| Student with paid internship | 4 | Student | 1 |

Source: authors based on data from the Observatório Econômico

It is important to know if the consumer has an income and its source, as Table 6 shows. Formal jobs represent 58% of total respondents. When we add this information to others that represent the workers in formal jobs, the total is close to 70%.

Regarding the profile of children would receive the gifts, the survey identified that 48% of these were girls and 52% boys, ages ranging from 3 to 12 years.

Table 7: Relationship to the child

| Relationship | Percentage |
|---------------------|-------------------|
| Child | 35 |
| Nephew/Niece | 25 |
| Godchild | 12 |
| Grandchild | 8 |
| Sibling | 8 |
| Cousin | 6 |
| Friend's child | 2 |
| Others | 2 |
| Stepchild | 1 |

Source: authors based on data from the Observatório Econômico

In the sample studied most of the children who would receive the present are the buyers' children (35%), nephews and nieces (25%), godchildren (12%), grandchildren (8%) and siblings (8%), revealing the interaction between the willingness to give and the personal relationship with the child, usually a family member (Observatório Econômico, 2011).

Table 8: Factors that determine the choice of the present

| Factor | Percentage | Factor | Percentage |
|------------------------|-------------------|-----------------------|-------------------|
| Children's will | 35 | Others | 3 |
| Price | 28 | Advertisements | 3 |
| Quality | 17 | Product brand | 3 |
| Promotions | 10 | Technology | 1 |

Source: authors based on data from the Observatório Econômico

The choice of gift to be purchased is never an easy task. In general, the big question is to be able to cater for the desire of the recipient, considering the buyer's budget. The goal is to please, even with the restrictions imposed by price, income and other factors associated with decisions of this choice. Research has shown that this logic is present in this region's consumer behavior. The main determinants in the choice of gifts are the wishes of children, followed by price and quality. As in this question the respondent could choose two alternatives, the main combinations were the desire of the children and the price of the good, and the quality and price of the good (Observatório Econômico, 2011).

Table 9: Town or city where the interviewee will go shopping

| Municipality | Percentage |
|------------------------------|-------------------|
| Sao Bernardo do Campo | 29 |
| Santo Andre | 19 |
| Maua | 17 |
| Diadema | 13 |
| Sao Paulo | 8 |
| Sao Caetano do Sul | 6 |
| Not defined | 6 |
| Ribeirao Pires | 3 |
| Rio Grande da Serra | 1 |

Source: authors based on data from the Observatório Econômico

The data in Table 9 shows that consumers want to buy the present for Children's Day in the town or city (see Table 4) where they live because of the convenience and promotions being advertised.

Table 10: Payment methods

| Method | Percentage |
|-------------------------|-------------------|
| In cash | 46 |
| Credit card | 35 |
| Debit card | 17 |
| Store card | 1 |
| Installment plan | 1 |
| Post-dated check | 0 |
| Cash check | 0 |

Source: authors based on data from the Observatório Econômico

Only one respondent said he would like to pay by check, but as the data were tabulated as percentage without fraction, this information was not different from zero, but it is valid to mention that the shops realize there is a natural tendency of consumers to pay for their purchases in cash and credit and debit cards.

The average price consumers are willing to pay for the present is US\$63.40. This information was collected by questioning how much the consumer was willing pay, on average, for every gift they would buy. The segmentation of the data collected can observe that 41% of respondents plan to spend between US\$28.00 and US\$55.00 with each gift. The figures most often mentioned were US\$28.00 (24%), US\$55.00 (12%), US\$84.00 (6%) and US\$112 (4%), which seems to demonstrate that consumers adopt, at least intuitively, deterministic references for the restriction of the price; this may become important information in the process of pricing and promotions (Observatório Econômico, 2011).

Table 11: Value of gift that consumers want to buy

| Value (US\$) | Percentage |
|-------------------------------|-------------------|
| Up to \$14.00 | 6 |
| From \$ 14.00 to 28.00 | 39 |
| \$28.00 to \$42.00 | 11 |
| \$42.00 to \$55.00 | 18 |
| \$55.00 to 84.00 | 9 |
| \$84.00 to \$110.00 | 6 |
| \$110.00 to \$278.00 | 7 |
| Over \$278.00 | 2 |
| Not defined | 2 |

Source: authors based on data from the Observatório Econômico

The relationship between family income and the value that consumers want to spend on each product showed that the higher the income, the higher the average price that families want to spend per gift. The total planned spending by respondents showed an average of US\$125.00. The distribution of the total amount that consumers plan to spend corroborates the expectation of spending per product calculated above. It is important to note that the relationship between the average price that consumers were willing to pay for each present and the total planned spending depends on how many children each respondent intends to present, and the average was slightly over 2 children (Observatório Econômico, 2011).

5 – Final Considerations

The purpose of this article was to show the consumer purchase intent of the Greater ABC region (Santo Andre, Sao Bernardo do Campo, Sao Caetano do Sul, Diadema, Maua, Ribeirao Pires and Rio Grande da Serra) in Brazil for Children's Day . The research was based on a questionnaire with 18 multiple choice questions and with the definitions of some parameters so that the data collection process was faster and more efficient. After the data analysis, 439 interviews of the 501 were validated, being 39% male and 61% female with an average income between US\$908.33 and US\$3,027.80, as reported in Table 5, in a region that has a consumer market of about 27 billion dollars.

The research conducted by the Observatório Econômico of the Methodist University of Sao Paulo, points out that the average price consumers are willing to pay for each present is US\$64.00, with a total expenditure set at \$ 125.00 for Children's Day, buying an average of two gifts. Among them are: dolls and plush dolls, toy cars and planes, balls, clothing and shoes. These toys show that the main determinants of this choice are, in order, the desire for children, price and product quality, which may contribute to the formulation of marketing strategy and promotions to attract consumers.

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