

THE EFFECT OF COSMETICS RETAIL CHAIN STORES' ATTRIBUTES ON CONSUMER CHOICE IN LITHUANIA

Elena Salamandic¹, Sonata Alijosiene², Rasa Gudonaviciene²

¹*Stockholm School of Economics in Riga, Latvia*

²*Kaunas University of Technology, Lithuania*

Abstract. The current research paper aims to determine the store attributes behind the consumer preference when choosing a cosmetics retail chain store in Lithuania. The authors conduct a survey analysis across a random sample of consumers to test the impact of ten store attributes on consumers' choice. The store attributes are divided in two categories: image and economic attributes. The authors use the distribution of the store attributes in two ways: to distinguish image and economic factors marginally and to draw positioning maps for all market players. The respondents evaluated each store attribute in focus on a Likert scale. Weighted averages were drawn to rank the attributes according to their importance. In the further analysis, the store attributes ranking was performed for each research object separately. This information helped the authors to perform a positioning analysis in order to get the final results of marginal evaluation of all cosmetics retail chain stores in question. The research objects were positioned on a map that evaluates their performance on image and economic factors. The plot analysis helped to depict the marginal differences between the stores. The empirical analysis revealed that 4 out of 10 store attributes, namely product assortment, discounting system, service quality and shopping experience, were ranked as the most important influencers of consumer choice. The insights derived from the analysis results provide the grounds on which marketing managers can derive recommendations about the improvement of brand awareness, image and position statements of the retailers in focus.

Keywords: cosmetics retail chain store, consumer choice, image attribute, economic attribute

Introduction

Lithuanian cosmetics market is divided among several main players, listing Eurokos, Douglas, Kosmada, Drogas, and Sarma. Different cosmetics retail chain stores apply various strategies for customer attraction and retention. However, increasing competition in the market between cosmetics retail chain stores forced suppliers to search new ways to increase their value proposition in the minds of Lithuanian customers. Changing business environment increased the necessity of applying different discounting strategies as well as raised attention to the quality of the services by hiring more experienced personnel.

These factors influenced clients' purchasing decision and affected the performance of the cosmetics retail chain stores during the previous years. As a result, they unveiled the need to identify and control the main influencers of consumer choice. Alijosiene & Gudonaviciene (2013) used a survey analysis to determine how shopping centre image attributes impact consumer choice and outlined merchandising, accessibility (macro and micro), entertainment and atmosphere as the main decision factors. Khraim (2011) lists brand, product/service quality and price, store environment, and commercials as the main decision factors, while Backstrom & Johansson (2006) bring evidence on personnel behavior, assortment and store layout as being influential in the consumer's choice of a retail store. Store layout, products tags and organization, assortment, price, and convenient checkout and return

policies have been revealed to be measurements for "shoppability" by Burke (2005). Liu & Tsai (2010) add consumers' lifestyle choices to determine their choice of a retail chain store, while Dhar & Hoch (1997) listed the commercialization of national brands among motivators. In his extended research, Pajuodis (2005) enumerates a wide range of store attributes, such as: outlook of the shopping place, shop location and working hours, product/service information and prices, products' presentation and organization, personnel helpfulness and qualification, speed of service, loyalty system, quality guarantee, confidentiality, return policy, and checkout convenience.

The literature gap identified by the authors resides in the lack of evidence regarding the influence of store attributes on consumers' choice of cosmetics retail chain stores in Lithuania. Aiming to fulfill this gap, the current research paper engages a survey analysis to determine the importance of these attributes from the perspective of the consumers. In an attempt to quantify this effect, data about five main market players in Lithuania is collected and processed. The results of the empirical analysis are expected to aid marketing managers of retail chain stores to improve positioning statements, using the insights into consumer behavior observed in the sample analyzed by this paper. Identifying the attributes that are the most influential and incorporating them in the process of decision making has the potential to result in better shopping experience for customers, as well as higher profits for the retail chain stores.

Method

The research paper aims to answer the following research question: What are the store attributes that influence the consumers' choice of cosmetics retail chain store in Lithuania and to what degree is the effect observed?

Various authors, having analysed this area, distinguish different attributes. Based on the results of the research of Backstrom & Johansson (2006), Wong, Lu, Yuan (2001), Khraim (2011), Gonzalez-Hernandes & Orozco-Gomez (2012), Singh & Sahay (2012) and other authors, one may conclude that some key image and economic attributes are prevailing; more or less all authors mention them: (1) *brand awareness*, (2) *assortment*, (3) *commercials effectiveness (TV, press, media, internet)*, (4) *personnel help*, (5) *created satisfactory shopping experience*, (6) *number of stores*, (7) *layout of stores*, (8) *organized lotteries/games*, (9) *frequency of discounts*, (10) *loyalty system*.

In order to obtain reliable empirical results, it is necessary to set correct objects of analysis. In this research paper, the objects of analysis are the Eurokos, Drogas, Douglas, Sarma and Kosmada. All of them are retail chain stores operating in Lithuania and specializing in cosmetics and personal care products. Data regarding the store attributes influencing consumer choice of retail chain store and general expectations about each retail chain will be collected through survey analysis. The questionnaire was developed and adopted from the literature review. This article embraces theoretical scales of Singh & Sahay (2012), Liu & Tsai (2010) and Khraim (2011). Questionnaires allow the authors to compare the shop attributes across different shops and to have a better understanding of consumers' preferences in Lithuania. Respondents were randomly selected from all across the country. Ran-

dom selection provides IID observations because the probability of answering the questionnaire is the same for everyone, so the results received from sample should be applicable to infer about the whole population's preferences. The surveys are designed to collect consumer data across all retail chain stores in focus. The importance of store attributes can be studied by depicting best and worst performing players in the market according to consumers' factor preferences. Moreover, by categorizing consumers according to demographics, it is possible to draw conclusions with regard to differences between consumer groups.

The authors chose 10 different store attributes that could have the most influence for consumer when deciding the particular cosmetics retail store. Five of these attributes represented economic factors, while the other five gave an understanding about particular store's image. A five-score Likert-type scale was used to form the main questions of the questionnaire. The data were processed using the Statistical Packages for Social Sciences (SPSS). The authors collected 150 observations about Eurokos, Drogas, Douglas, Sarma, and Kosmada, as well as customers' expectations about the stores in general. Prior the analysis, it is already seen that there is variation in both independent and dependent variables, the data selection was iid, the sample size was big ($150 > 30$), therefore, according to the Law of Large Numbers (LLN) and Central Limit Theorem (CLT), the authors can assume that the sample mean and distribution will converge to a true mean and follow the normal distribution.

To observe what impacts consumer behavior, the authors grouped the store attributes used for the analysis in two main categories: economic attributes and image attributes. The categories are represented in Figure 1:



Fig. 1. Categorization of store attributes: 0image and economic attributes. Source: Made by authors.

The categorization of store attributes aims to reflect the consumer preference between attributes related to the image of the store (such as products'

brands, assortment, advertising, customer service) and attributes related to economic factors (discount system, loyalty system, promo auctions, etc.).

Acknowledging the overall predilection of customers helps to construct a representative portrait of the average consumer.

Analysis

The authors surveyed 150 people of different ages, income levels and shopping frequencies. The

average customer surveyed in this study is a young person, aged between 20 and 25 years, earning below 1000 litas (~305 euros). The shopping frequency ranges from never to once a month for Douglas, Sarma and Kosmada. Eurokos and Drogas enjoy more frequent returning visitors, who go shopping up to 2-3 times a month. The distribution of surveyed consumers can be observed in Table 1:

Table 1. Factors ranking according to their importance. Source: Made by authors.

| Customers distribution according to: | Eurokos | | Drogas | | Douglas | | Sarma | | Kosmada | |
|--------------------------------------|---------|---------|--------|---------|---------|---------|-------|---------|---------|---------|
| | # | % | # | % | # | % | # | % | # | % |
| - Shopping frequency | | | | | | | | | | |
| I don't buy | 26 | 17.33% | 20 | 13.33% | 103 | 68.67% | 78 | 52.00% | 99 | 66.00% |
| Less than once a month | 62 | 41.33% | 58 | 38.67% | 40 | 26.67% | 62 | 41.33% | 42 | 28.00% |
| Once a month | 34 | 22.67% | 31 | 20.67% | 6 | 4.00% | 9 | 6.00% | 6 | 4.00% |
| 2-3 times a month | 22 | 14.67% | 35 | 23.33% | 0 | 0.00% | 1 | 0.67% | 3 | 2.00% |
| Once a week | 6 | 4.00% | 5 | 3.33% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| 2 or more times a week | 0 | 0.00% | 1 | 0.66% | 1 | 0.67% | 0 | 0.00% | 0 | 0.00% |
| Total | 150 | 100.00% | 150 | 100.00% | 150 | 100.00% | 150 | 100.00% | 150 | 100.00% |
| | | | | | | | | | | |
| - Age | # | % | # | % | # | % | # | % | # | % |
| less than 19 | 17 | 13.71% | 17 | 13.08% | 9 | 19.15% | 9 | 12.50% | 8 | 15.69% |
| 20 - 25 years | 73 | 58.87% | 76 | 58.46% | 22 | 46.81% | 38 | 52.78% | 25 | 49.02% |
| 26 - 35 years | 12 | 9.68% | 13 | 10.00% | 8 | 17.02% | 11 | 15.28% | 7 | 13.73% |
| 36 - 50 years | 15 | 12.10% | 18 | 13.85% | 7 | 14.89% | 10 | 13.89% | 8 | 15.69% |
| 50 and more years | 7 | 5.65% | 6 | 4.62% | 1 | 2.13% | 4 | 5.56% | 3 | 5.88% |
| Total | 124 | 100.00% | 130 | 100.00% | 47 | 100.00% | 72 | 100.00% | 51 | 100.00% |
| | | | | | | | | | | |
| - Income | # | % | # | % | # | % | # | % | # | % |
| less than 500Lt | 44 | 36.07% | 40 | 31.25% | 8 | 17.02% | 20 | 28.17% | 10 | 20.00% |
| 501 - 1000Lt | 30 | 24.59% | 33 | 25.78% | 13 | 27.66% | 17 | 23.94% | 16 | 32.00% |
| 1001 - 1500Lt | 18 | 14.75% | 20 | 15.63% | 7 | 14.89% | 9 | 12.68% | 9 | 18.00% |
| 1501 - 2000Lt | 8 | 6.56% | 10 | 7.81% | 7 | 14.89% | 7 | 9.86% | 6 | 12.00% |
| 2001 - 3000Lt | 19 | 15.57% | 19 | 14.84% | 8 | 17.02% | 12 | 16.90% | 6 | 12.00% |
| 3000Lt and more | 3 | 2.46% | 6 | 4.69% | 4 | 8.52% | 6 | 8.45% | 3 | 6.00% |
| Total | 122 | 100.00% | 128 | 100.00% | 47 | 100.00% | 71 | 100.00% | 50 | 100.00% |

When doing the factor analysis, the authors use the distribution of the store attributes in two ways: to distinguish image and economical factors marginally and to draw positioning maps for all market players. Nevertheless, in order to find out how important are those ten attributes to respondents, the second question of the survey was employed. Res-

pondents had to evaluate 10 store attributes on Likert scale. From this data, with the help of SSPS statistics software, the authors were able to rank the factors according to their weighted averages. The information gathered and adjusted to the results is presented in Table 2:

Table 2. Attributes evaluation on Likert scale. Source: Made by authors.

| Attributes/Evaluation | 1 | 2 | 3 | 4 | 5 | Weighted average | % |
|--|----|----|----|----|----|------------------|--------|
| Assortment | 3 | 1 | 2 | 59 | 70 | 4.42 | 13.49% |
| Frequency of discounts | 7 | 10 | 22 | 51 | 57 | 3.96 | 12.08% |
| Personnel help | 7 | 11 | 28 | 60 | 40 | 3.79 | 11.55% |
| Created satisfactory shopping experience | 10 | 13 | 33 | 53 | 38 | 3.65 | 11.14% |
| Layout of the stores | 18 | 20 | 49 | 38 | 22 | 3.18 | 9.69% |
| Brand awareness | 12 | 30 | 50 | 39 | 16 | 3.12 | 9.50% |
| Number of stores | 17 | 23 | 47 | 47 | 13 | 3.11 | 9.48% |
| Loyalty system (points, money, discount size) | 25 | 20 | 40 | 42 | 18 | 3.06 | 9.32% |
| Commercials effectiveness (TV, press, media, internet) | 31 | 54 | 46 | 14 | 2 | 2.33 | 7.12% |
| Organized lotteries/games/competitions | 49 | 47 | 33 | 13 | 5 | 2.17 | 6.62% |

From Table 2, one can distinguish four main factors, which play a crucial role when choosing a cosmetics retail chain store. The first and most important being assortment with 13.49%, it is closely followed by the frequency of discounts (12.08%). Almost the whole percent less ranked 3rd and 4th stand personnel help and created satisfactory shopping experience respectively. This information will also be used for further steps of position-

ing analysis in order to get the final results of marginal evaluation of all cosmetics retail chain stores in question.

The authors asked respondents to evaluate, in their opinion, each of the shops performance according to the same ten attributes. The average grades for each factor for each store are presented in Table 3:

Table 3. Comparison of average grades for each attribute across stores. Source: Made by authors.

| | Eurokos | Drogas | Douglas | Sarma | Kosmada |
|--|---------|--------|---------|-------|---------|
| Number of stores | 3.88 | 3.89 | 3.35 | 3.51 | 3.23 |
| Layout of the stores | 3.71 | 3.80 | 3.78 | 3.88 | 3.48 |
| Brand awareness | 3.79 | 3.83 | 3.83 | 4.09 | 3.46 |
| Assortment | 3.77 | 3.96 | 3.81 | 4.04 | 3.46 |
| Organized lotteries/games/competitions | 3.16 | 3.26 | 3.09 | 3.09 | 3.00 |
| Frequency of discounts | 3.58 | 3.83 | 3.09 | 3.13 | 3.07 |
| Commercials effectiveness (TV, press, media, internet) | 2.98 | 3.12 | 3.10 | 3.32 | 3.06 |
| Created satisfactory shopping experience | 3.44 | 3.63 | 3.91 | 3.63 | 3.52 |
| Personnel help | 3.68 | 3.63 | 3.83 | 3.73 | 3.58 |
| Loyalty system (points, money, discount size) | 3.12 | 3.39 | 3.12 | 3.12 | 2.98 |

The two highest averages in each of the four most important factors for the customers are observed in order to compare the market leaders across different attributes. Eurokos places alongside with Drogas as the leaders according to frequency of discounts. Drogas and Sarma are taking the lead in three out of four factors, which shows a strong position in the market. In order to have a general picture of all players' evaluations, the authors used excel graph function to create a visual summary of the latter comparison.

The next step in the positioning analysis finalizing the comparison of five retail chain stores is to combine the two tables of analysis, the attributes'

importance and stores evaluation tables, and compile a marginal evaluation table for Eurokos, Drogas, Douglas, Sarma and Kosmada, as depicted in Table 4 below. This table allows the authors to observe the marginal effect of each store with respect to its competitors and attributes' importance for the customers. It also allows obtaining a very accurate market share calculation, which is essential for the store chains' repositioning strategies.

Table 4. Marginal evaluations of attributes across stores. Source: Made by authors.

| Economy | Eurokos | Drogas | Douglas | Sarma | Kosmada |
|--|---------|--------|---------|-------|---------|
| Number of stores | 0.37 | 0.37 | 0.32 | 0.34 | 0.31 |
| Layout of the stores | 0.36 | 0.37 | 0.37 | 0.38 | 0.34 |
| Organized lotteries/games/competitions | 0.21 | 0.22 | 0.21 | 0.21 | 0.20 |
| Frequency of discounts | 0.44 | 0.47 | 0.38 | 0.38 | 0.38 |
| Loyalty system (points, money, discount size) | 0.29 | 0.32 | 0.29 | 0.29 | 0.28 |
| Average | 0.34 | 0.35 | 0.31 | 0.32 | 0.30 |
| Image | | | | | |
| Brand awareness | 0.36 | 0.37 | 0.37 | 0.39 | 0.33 |
| Assortment | 0.47 | 0.50 | 0.48 | 0.51 | 0.43 |
| Commercials effectiveness (TV, press, media, internet) | 0.21 | 0.22 | 0.22 | 0.24 | 0.22 |
| Created satisfactory shopping experience | 0.39 | 0.41 | 0.44 | 0.41 | 0.40 |
| Personnel help | 0.43 | 0.42 | 0.45 | 0.43 | 0.42 |
| Average | 0.37 | 0.38 | 0.39 | 0.40 | 0.36 |

The marginal averages from Table 4 are further used to extract the average marginal evaluations for each store. This allowed calculating market share as seen by the customers. The sum of all averages

is 1.76, which is held as 100% of the market, and market share percentage was obtained, as illustrated in Table 5:

Table 5. Market shares of each cosmetics retail chain store, as derived from marginal evaluations of attributes. Source: Made by authors.

| | Eurokos | Drogas | Douglas | Sarma | Kosmada | Total |
|--------------|---------|--------|---------|--------|---------|-------|
| Economic | 0.34 | 0.35 | 0.31 | 0.32 | 0.30 | 1.62 |
| Image | 0.37 | 0.38 | 0.39 | 0.40 | 0.36 | 1.9 |
| Average | 0.35 | 0.37 | 0.35 | 0.36 | 0.33 | 1.76 |
| Market share | 20.15% | 20.87% | 20.04% | 20.35% | 18.79% | 100% |

As shown in Table 5, the marginal evaluations of attributes are averaged across the two categories of attributes: economic and image attributes. The marginal evaluations are further averaged to derive the market share of each retail chain store, according to customer preferences. The calculation results shown above allow depicting the positioning analysis of the players in Lithuania's cosmetics retail chain stores market on a scatterplot. The two axes

were constructed according to two types of factors – economic and image factors. The higher is the point of the shop, the better it is its position in the market with respect to its image, and the more to the right the point is located, the better pricing strategy the shop has employed in the eyes of the customers. The positioning space map has been plotted using excel graph function as depicted in Figure 2:

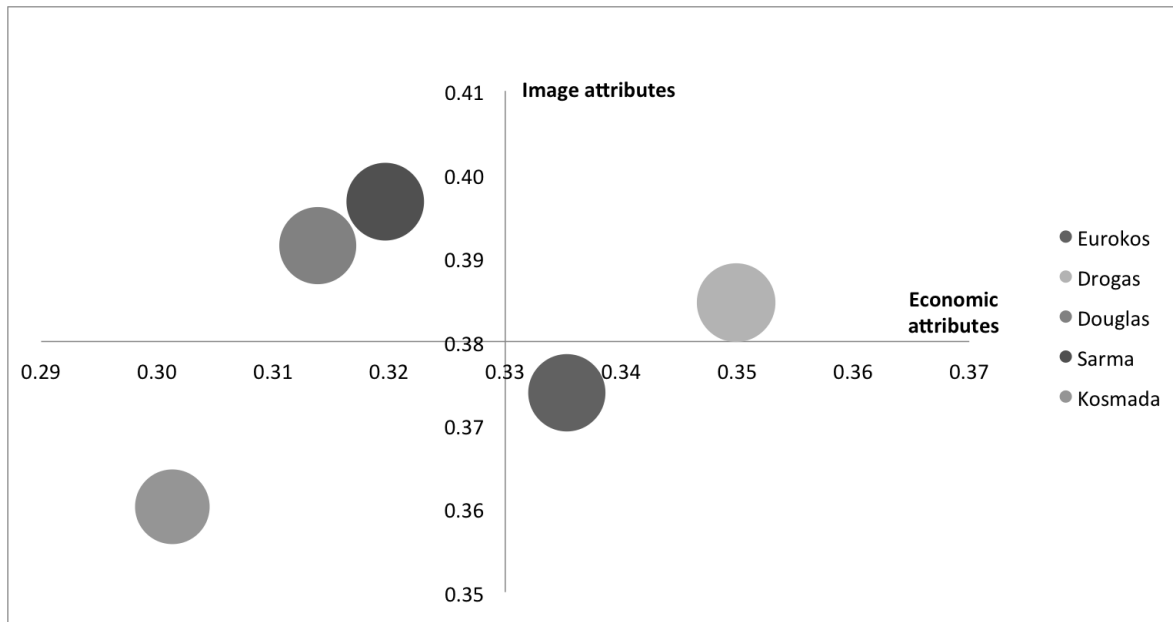


Fig. 2. Positioning map of cosmetics retail chain stores. Source: Made by authors.

The plot analysis helps to depict the marginal differences between the stores. The obvious fallout of the context is Kosmada, which stands at the end of all five cosmetics stores, while Drogas seems to have the best quality/price ratio of all five competitors. Eurokos is second according to economic factors, however, is second to the last in image sense. Douglas and Sarma perform well at the image chapter, but fall behind in terms of economic factors.

Conclusions

1. The current research paper aimed to determine the importance of the store attributes of cosmetics retail chain stores in explaining consumer choice. A quantitative method – survey analysis was chosen to collect the data on consumer preferences in evaluating 10 store attributes of 5 main retail chain stores: Eurokos, Douglas, Kosmada, Drogas, and Sarma. The empirical analysis revealed that 4 out of 10 store attributes, namely product assortment, discounting system, service quality and shopping experience, were ranked as the most important influencers of consumer choice.

2. Overall, Lithuanian consumers incorporate primarily image factors in their decision of which cosmetics retail chain store to shop at. The economic factors proved to be of secondary importance. Such behavior can be explained by a shift in consumer preferences, with increasing predilection given to a pleasant shopping experience, rather than to economically rational choices.
3. These empirical study insights may aid managers of retail chain stores to tailor their positioning statements according to consumer preferences. The analysis results revealed that consumers have different expectations for each of the 5 cosmetics retail chain stores. This information can be used to find the comparative advantage of each store, potentially resulting in resourceful improvements, better shopping experience and higher profits.

References

1. Backstrom, K., Johansson, U. (2006). Creating and consuming experiences in retail store environments: Comparing retailer and consumer perspectives. *Journal of Retailing and Consumer Services*,

- 13(6), 417-430. <http://dx.doi.org/10.1016/j.jretconser.2006.02.005>
2. Burke, R.R., Dr. (2005). Retail Shoppability: A Measure Of The World's Best Stores. Retrieved from <http://kelley.iu.edu/CERR/files/shoppability.pdf>
 3. Dhar, S.K., Hoch, S.J. (1997). Why Store Brand Penetration Varies by Retailer. *Marketing Science*, 16(3), 208-227. Published by: INFORMS. Retrieved from:
 4. Gonzalez-Hernandes, E.M., & Orozco-Gomez, M. A. (2012). Segmentation Study of Mexican Consumers Based on Shopping Centre Attractiveness. *International Journal of Retail & Distribution Management*, 40 (10), 759-777. <http://dx.doi.org/10.1108/09590551211263173>
 5. Gudonavičienė, R., Alijosiene, S. (2013). Influence of shopping centre image attributes on consumer choices. *Economics and Management*, 18 (3), 545-552. doi:<http://dx.doi.org/10.5755/j01.em.18.3.5132>
 6. Khraim, H.S., Dr. (2011). The Influence of Brand Loyalty on Cosmetics Buying Behavior of UAE Female Consumers. *International Journal of Marketing Studies*, 3(2), 123-133. doi:10.5539/ijms.v3n2p123.
 7. Liu, C.H., Tsai, W.S. (2010, June). The effects of service quality and lifestyle on consumer choice of channel types: The healthy food industry as an example. *African Journal of Business Management*, 4(6), 1023-1039. ISSN 1993-8233.
 8. Pajuodis, A. (2005). *Prekybos marketingas*. Vilnius: Eugrimas. ISBN: 9955-682-05-1
 9. Rajagopal (2011). Determinants of Shopping Behaviour of Urban Consumers. *Journal of International Consumer Marketing*, 23, 83-104. <http://dx.doi.org/10.1080/08961530.2011.543051>
 10. Singh, H., & Sahay, V. (2012). Determinants of Shopping Experience. Exploring the Mall Shoppers of Capital Region (NCR) of India. *International Journal of Retail & Distribution Management*, 40 (3), 235-248. <http://dx.doi.org/10.1108/09590551211207184>

KOSMETIKOS PARDUOTUVIŲ TINKLŲ YPATUMŲ ĮTAKA VARTOTOJŲ PASIRINKIMUI LIETUVOJE

Santrauka

Šis darbas siekia nustatyti, kokie parduotuvių ypatumai daro įtaką vartotojams pasirenkant kosmetikos parduotuvių tinklus Lietuvoje kaip pirkimo vietą. Autoriai atliko atsitiktinės auditorijos apklausą tirdami dešimties parduotuvių atributų įtaką vartotojų pasirinkimui. Parduotuvių ypatumai yra padalinti į dvi kategorijas - įvaizdžio ir ekonominius atributus. Autoriai naudoja ypatybių pasiskirstymą dviem būdais - išskaidyti įvaizdžio ir ekonominius veiksnius bei sukurti pozicionavimo žemėlapi visiems rinkos dalyviams (t.y. tyrime dalyvavusiems kosmetikos parduotuvių tinklams) Lietuvoje. Respondentai įvertino kiekvieną parduotuvės ypatybę pagal Likert skalę, o svertiniai vidurkiai buvo panaudoti išrikiuojant ypatybes pagal jų svarbumą. Toliau tyrime sekė atskirų parduotuvių ypatybių palyginimas. Ši informacija padėjo autoriams atlikti pozicionavimo analizę nustatant ribinį visų kosmetikos parduotuvių tinklų vertinimų palyginimą. Tyrimo subjektai buvo išdėlioti ant žemėlapio atspindint jų įvaizdžio ir ekonominių veiksnių įverčius. Ši pozicionavimo analizė įgalino identifikuoti ribinius parduotuvių skirtumus. Empirinis tyrimas atskleidė, kad 4 iš 10 parduotuvių tinkle ypatybių, t.y. produktų asortimentas, nuolaidų sistema, aptarnavimo kokybė ir apsipirkėjimo patirtis, buvo aukščiausiai reitinguoti atributai darantys didžiausią įtaką vartotojų pasirinkimui. Tyrimo išvados suteikia informaciją, leidžiančią marketingo vadybininkams daryti sprendimus kuriant prekės ženklą žinomumą, įvaizdį bei pozicionavimo formuluotę šioms tyrimo dalyvavusioms parduotuvėms.

Raktažodžiai: kosmetikos parduotuvių tinklas, vartotojų pasirinkimas, įvaizdžio atributai, ekonominiai atributai

Information about the authors:

Elena SALAMANDIC, bachelor of Economics and Business Bachelor, Stockholm School of Economics in Riga.

4a Strelnieku St., Riga, Latvia

Tel: +37069157662

E-mail: elena.salamandic@gmail.com

Sonata ALIJOSIENE, lecturer, Kaunas University of Technology, Department of Marketing.

73 K. Donelaicio St., Kaunas, Lithuania

Tel: +37068618460

E-mail: sonata.alijosiene@ktu.lt

Rasa GUDONAVICIENE, lecturer, Kaunas University of Technology, Department of Marketing.

73 K. Donelaicio St., Kaunas, Lithuania

Tel: +37068523784

E-mail: rasa.gudonaviciene@ktu.lt

LEGAL FEATURES OF THE REAL PROPERTY INTESTATE SUCCESSION

Dalia Perkumienė¹, Antonio Silva Sánchez²

¹*Kauno Kolegija, University of Applied Sciences, Lithuania*

²*Extremadura University, Spain*

Abstract. Succession is the devolution of property rights, duties and some other personal non-property rights of a deceased natural person to his heirs by operation of law (intestate) or/and to successors by the will (testate). Subject of succession is legacy – property of a deceased person, which passes to the heirs on the grounds of succession.

The problem analyzed in this paper is important from both theoretical and practical points of view, as this is the effort to reveal the essence and importance of the succession under the law. The research is based on the analysis of the laws, various sources of scientific juridical literature and judicial experience.

The Lithuanian Republic legislation regulates all cases of inheritance of the land, buildings and other real estate located in the territory of the Lithuanian Republic. Therefore, in the cases when the last place of domicile of the bequeather is in a foreign country, but the real estate is in Lithuania, the Notary Office of the area of the property location issues the certificate of the inheritance.

Other countries also follow the similar approaches of succession; but they differ from each other in the scope of the successors, the sequence of succession, the forms of succession, the conduction of succession and so on.

Key words: succession, inheritance under the law, real property, legacy.

Introduction

Succession shall arise by operation of law and by a will. Succession shall arise by operation of law unless the testator has changed, and to the extent he has changed, the grounds for succession by his testamentary disposition. In the instances when there are no successors either by operation of law or by a will, or none of the successors accepts succession, or when the testator deprives all the heirs of the right to succession, the estate of the deceased shall devolve to the state pursuant to the right of succession. (Lietuvos Respublikos civilinis..., 2000).

In the event when there is no testament or the the testament has been invalidated, the succession shall arise by operation of law (*intestate succession*).

Succession of land, buildings and other real estate existing in the Lithuanian Republic shall be regulated by the LR laws.

Aim of the research – to analyze the main aspects of intestate succession.

Object of the research – the peculiarities of the intestate succession.

Research methods – analysis of scientific literature, analysis of legal acts, systematic and comparative analysis, specification and generalization, logical abstract.

Essential peculiarities of succession and object of succession

The Law of Succession is the institute of the Civil Law, which regulates the devolution of property and property rights of a deceased natural person to his heirs. Death of the deviser does not bring

his property, property rights and duties to a termination. They devolve to the heirs of the deceased, and, in the instances when there are no successors, or none of the successors accepts succession, the rights of the deceased shall devolve to the state. After the deviser's death the universal devolution of his estate to the heirs (the persons, who inherit the deviser's peoperty after his death) takes place. In the cases when there exist several descendants, they inherit the deviser's rights and duties in corresponding parts. Succession is the devolution of property rights, duties and some other personal non-property rights of a deceased natural person to his heirs by operation of law (intestate) or/and to successors by the will (testate). The legitimate heir does not get the subjective right of inheritance until it belongs to at least one of testamentary heirs (Lietuvos Aukščiausiojo Teismo..., 2002).

The following shall be subject to succession: material objects (movable and immovable things) and non-material objects (securities, patents, trade marks, etc.) claims of patrimonial character and property obligations of the bequeather; in cases provided for by laws – intellectual property (authors' property rights to works of literature, science and art, neighbouring property rights and rights to industrial property), as well as other property rights and duties stipulated by laws¹.

Real rights (the right of superficies, the right of possession, etc.) as well as property rights are the subject of succession. In the instances of rights' restrictions (mortgage, servitude, right of superficies, etc.), the successor shall take all the related obligations (restrictions of the real right). In the ca-

¹ www.lygus.lt/gm/admin/files/CE