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MARKETING MIX DETERMINANTS AND BUYING BEHAVIOR FOR COMMUNITY MARKET' PRODUCTS

Abstract:

This research involved [i] discovering the differences of buying behavior of consumers at the Bang Nam Pheung Community Floating Market in Bangkok by gender, age, marital status, educational level, occupation and monthly income; [ii] investigating a correlation between marketing mix determinants and consumers' buying behavior; [iii] investigating a correlation between product mix determinants and consumers' buying behavior ; and [iv] examining a correlation between consumers' buying behavior and their likelihood of future buying. The goal was an attempt to identify the marketing mix of Bang Nam Pheung Floating Market that determined the buying behavior of consumers. A total of 400 samples were selected from the population of consumers who visited and shopped at Bang Nam Pheung Floating Market, Bangkok. The findings provided more understanding of viewpoints towards the community floating marketing mix determinants on consumers' buying behavior. The findings revealed the significant correlation between the consumers' attitudes towards the marketing mix determinants of price, sellers and place and buying behavior in terms of the buying frequency. Additionally, higher buying frequency level also determined the likelihood of revisiting to shop at the market, recommending others and more frequent shopping in case of receiving higher income.

Keywords:

Marketing Mix; Buying Behavior; Community Market' Products

INTRODUCTION

Community markets have played their role as the main place for retailing goods in Thailand, which has strongly identified Thai traditions. Globalization has mobilized the country into the modern era. This has created current threats due to modern trade and some liberalization laws and regulation that promote foreign investments and free flow of labor. With higher financial status, technological advancement and management innovations, these transnational corporations posed significant threats to Thai entrepreneurs, especially retailers, including sellers at weekend community markets. The leading modern trade retailers for instance Big C., Tesco Lotus, Carrefour and Makro have expanded their branches around Bangkok and neighboring provinces, and other provinces throughout Thailand; this is bound to affect small and medium traders from supermarket wholesalers and groceries. High competition of this modern trade environment brings about a vulnerability to small wholesalers and retailers, which may be so critical that they may decide to close their businesses due to unprofitability. Unprofitability is caused by many factors, for instance changes of tastes and values of Thai consumers given to imported products, and a lack of capability to negotiate for lower wholesale prices making them unable to offer consumers more attractive retail prices (R. Seubnukarn, 2003). Impacts of a free trade agreement or FTA also present both opportunities and challenges (C. Rattanareuthai, 2006).

The abovementioned situation is considerable due to its positive yields for end consumers who will enjoy cheaper prices and a more variety of products, as well as an expansion of local employment, yet long- term negative effects cannot be ignored. In reality, by a continuously higher number of local residents buying goods from modern trade and other franchised retailer corporations rather than from small single- own groceries, the country can potentially face problems of dramatic income leakages and circular flow of income in the national economy (C. Rattanareuthai, 2006).

From a historical perspective, Thai people started to know a 'market' in Sukhothai period as a place where selling and buying activities occurred for consumer goods in daily life both in towns and rural areas. Traditionally, a market in the sense of Thai people referred to trading of retail and wholesale, which could be river or floating and land markets. These markets have physical attachments with local people living in and nearby, and characterize Thai ways in settling down. Addressing a case of river or floating markets, the urbanization and environmental changes have transformed the way of local selling and buying along rivers and canals moving on lands. Nevertheless, floating markets today have been promoted by local authorities with a purpose to promote community tourism (Kanchanapisek).

Sustaining the traditional Thai retail and wholesale trading is one way to support and promote creative products produced locally from local wisdoms, in which Thailand as a whole can receive benefits from income generation throughout the country and foreign currency earnings from exporting locally- produced products. Furthermore, community markets are significant as a possible solution for local Thai unemployed people and street vendors, through which the country could gain a more positive image. Floating markets, for example, could be perceived as representing Thai traditional way of life and as producing local income and well- being.

In these regards, this study of marketing mix determinants and buying behavior for community market' products was aimed to benefit as a guideline for Thai local

entrepreneurs in improving or planning for strategies in marketing for their community market products. Bang Nam Pheung Floating Market in Bangkok was selected for the study due to its proximity to Bangkok city and surrounding communities, and its rapid changing with the current situation.

Review of Literature

Buyers mean individuals who are in the process of buying (S. Serirat et al, 2000). Consumer behavior can be defined as consumers' action of buying goods and services for household and individual uses (S. Chaicharn, 2000), where individuals involve in the process of making a decision and exchanging of money for goods and services [6]. Analyzing consumer behavior is to investigate buying and using of consumers, both at the individual and organizational levels, in order to know characteristics of demands and selecting, buying and consuming or using behavior, and to examine antecedents of consumer satisfaction. Marketing strategies are the result of these investigations, which assist marketers in satisfying consumers. The 6Ws and 1H including who, what, where, when, why and how were designed for investigating the 7 characteristics regarding the consumer behavior and analyzing potential responsive marketing strategies. These 7 characteristics cover occupants, objects, objectives, organization, occasions, outlets and operations.

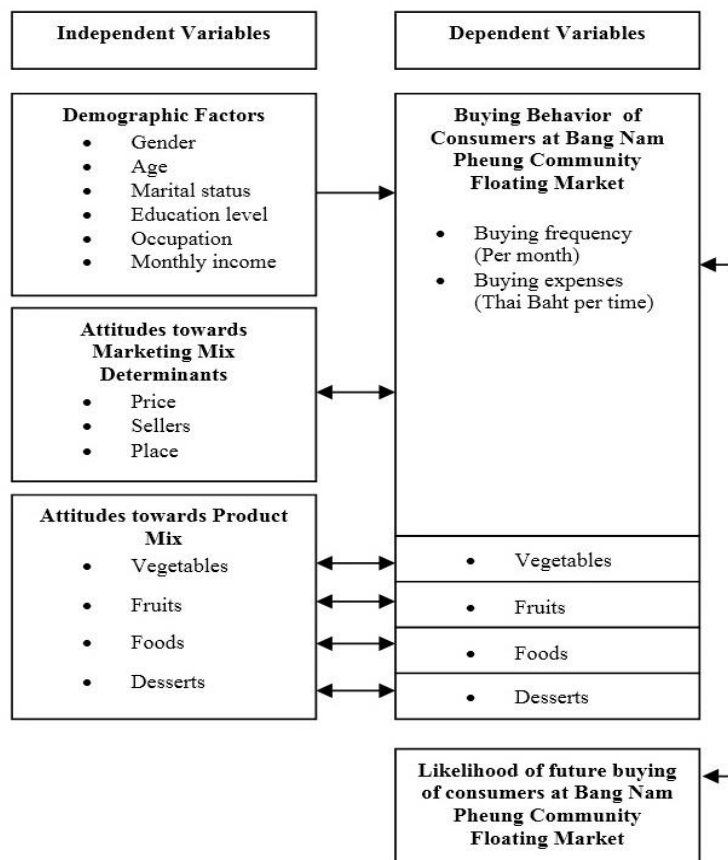
The marketing mix refers to a combination of 4 elements which include product, price, place or channel of distribution and promotion. Product mix can be categorized into 1) convenience goods; 2) shopping goods; 3) specialty goods; and 4) unsought goods. Price means a value that will purchase a finite quantity, weight, or other measure of a good or service. Pricing depends on the firm's average costs and on the customer's perceived value of the product in comparison to his or her perceived value of the competing products. Thus, strategic decision on pricing should place a consideration on 1) customers' higher level of acceptance of product value than the price itself; 2) costs and other expenses; 3) market competition; and 4) other factors. Place or channel of distribution is composed of systematic activities of product launching and distributing from sources of production to sources of consumption. Place consists of 2 parts: 1) channel of distribution, meaning the path through which goods and services travel from the vendor to the consumer or payments for those products that travel from the consumer to the vendor, thus producer, intermediaries and consumers playing in this process; and 2) market logistics, meaning activities involving in moving goods from the vendor to the consumer, thus this process concerns transportation, storage, warehousing and inventory management. Lastly, promotion is defined as an act of using several different types of communication in exchanging information between sellers and buyers in order to create positive attitudes and buying behavior, to support marketing goals. Communication can be done through personal and non- personal selling, and integrated marketing communication or IMC. Advertising, personal selling, sales promotion, publicity and public relation and direct marketing including online marketing are the five aspects of the promotional mix.

Methodology

The objectives of this research paper were 1) to study differences of buying behavior of consumers at the Bang Nam Pheung Community Floating Market in Bangkok by gender, age, marital status, educational level, occupation and monthly income; 2) to

investigate a correlation between marketing mix determinants and consumers' buying behavior ; 3) to investigate a correlation between product mix determinants and consumers' buying behavior ; and 4) to investigate a correlation between consumers' buying behavior and their likelihood of future buying. The population of this research was the consumers who bought goods at Bang Nam Pheung Community Floating Market. Probability sampling was designed due to the fact that the number of population was unknown; therefore the systematic random sampling was used. A total of 400 samples were collected in 8 days, in which 50 samples were collected each day during Saturday and Sunday from 08.00 am. to 16.00 pm.

Figure 1 demonstrated the conceptual framework of this research paper, based on the literature review.



Conceptual Framework

Findings

The demographic findings reported female respondents as the majority, with the age between 21- 30 years old and single status. The bachelor or equivalent degree was reported by the majority; in addition, most of the respondents were company employee with an average monthly salary below or equal to 10,000 Baht. The marketing mix determinants in the respondents' buying behavior for the community market' products at Bang Nam Pheung Floating Market were presented with high influence both overall and by different determinants. These included price, sellers and place. The overall performance of the product mix that determined the buying behavior was very good, whereas by each determinant desserts were reported as very high influencing factor; and vegetables, fruits and foods the high influencing factors. In regards to the frequency

of the respondents' buying, it was found that they bought goods from Bang Nam Pheung Floating Market 2-3 times per month, with an average expense of 640 Baht per time. The variety of goods was seen wider than other markets, which thus became a major motivation of deciding to shop at the market. The respondents usually shopped at the market during 10.00 am - 12.00 pm to get some foods for daily consumption. Mostly, the respondents received the information about the market from traditional media such as television and radio. The likelihood of future buying and words of mouth revealed a positive direction, meaning that the respondents were likely to come back to shop at the market and to recommend others about it. Finally, the findings revealed that an increase of income would probably be a determinant of higher shopping frequency level in the future.

The study of a correlation between the respondents' buying behavior and different educational level, occupation and monthly income of the respondents unveiled that there were differences between the buying expenses (Baht per time) and the different educational level, occupation and monthly income at a significance of 0.01, 0.05 and 0.01 respectively.

The marketing mix elements as determinants of the respondents' buying behavior presented price, sellers and place correlating with the respondents buying goods at Bang Nam Pheung Floating Market and the buying frequency (1 time per 3 months) at a significance of 0.01 and 0.05 respectively. The finding pertaining to the respondents' attitude towards the price and sellers revealed a correlation with the buying expenses (Baht per time), at a significance of 0.01 and 0.05 respectively.

The finding of buying frequency of a time in 3 months was reported correlating at a significance of 0.01 with the likelihood of future buying, revisiting to shop at the market, recommending others and more frequent shopping in case of receiving higher income. The overall buying expenses were also revealed to have a correlation with the likelihood of future buying and more frequent shopping in case of receiving higher income at a significance of 0.01.

Discussion

The findings of this research contributed to the 3 main aspects in responding to the objectives of the study. The comparative findings among different demographic characteristics of the consumers and their average buying expenses reported the similar finding with that of Chart Rattanareuthai (C. Rattanareuthai, 2006) which investigated the attitudes and buying behavior of the consumers shopping at Thevaraj Market in Dusit District, Bangkok. Furthermore, the finding concurred with that of Wiyamas Phetreunthong (W. Phetreunthong, 2007) which studied about the correlating factors with buying behavior of the consumers at Bon Marche Market and found that consumers with different occupation and income had significantly different buying behavior in terms of buying expenses per time.

Moreover, the consumers' positive attitudes towards prices of goods at Bang Nam Pheung Floating Market were reported in terms of quality of goods, value-to-money with quantity, price bargaining and standard pricing. In regards to the sellers and place elements at the market, it was found that the consumers considered grooming and manners of the sellers, as well as the market's location and environment. The frequency of 1 time per 3 months of shopping at the market gave a considerable implication that

positive attitude formed by consumers towards the marketing mix of price, sellers and place could determine a higher frequency level of buying. This coincided with the findings of Chart Rattanareuthai (C. Rattanareuthai, 2006) revealing that the consumers' attitude towards price and place had a correlation with the buying frequency per week.

There was a correlation between the consumers' buying expenses and their positive attitudes towards prices of goods in terms of quality of goods, value-to-money with quantity, price bargaining and standard pricing, towards the grooming and manners of the sellers, and towards the market's management of orderliness of the surrounding, parking zone and location. This implied that higher average buying expenses were influenced by how consumers felt about the marketing mix of price, sellers and place, which concurred with the findings of Wiyamas Phetreunthong (W. Phetreunthong, 2007) and Chart Rattanareuthai (C. Rattanareuthai, 2006) in the case studies of Bon Marche Market and Thevaraj Market in Dusit District, Bangkok.

The analysis of a correlation between the consumers' buying behavior and their likelihood of future buying in terms of revisiting to shop at the market, recommending others and more frequent shopping in case of receiving higher income brought about some significant aspects of discussion. The findings could be discussed that the consumers' higher frequency level of buying goods at Bang Nam Pheung Floating Market determined the likelihood of future buying, revisiting to shop at the market, recommending others and more frequent shopping in case of receiving higher income. This agreed with the study of Chart Rattanareuthai (C. Rattanareuthai, 2006) which reported a significant relationship between the frequency of buying and the likelihood of regular visits to shop at Thevaraj Market in the future and of recommending others.

Lastly, there was an important implication from the finding of the correlation between the consumers' average buying expenses and the likelihood of future visits to shop at the market and frequent shopping in case of receiving higher income. It was that the more money consumers spent in shopping at the market, the more frequent visits and the more spending if they gained higher income; the finding coincided with the study of Chart Rattanareuthai (C. Rattanareuthai, 2006).

Future Studies

One of the limitations of this research paper came from the sampling technique. Since there was an unknown population, many techniques could be utilized to obtain better samples. Therefore, in order to get more specific results, the future research should survey a variety of customers based on their provinces of residence to obtain representative opinions from a variety of districts in Bangkok.

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