

# MARKETING STRATEGY COMPARISON BETWEEN THAI BRAND AND INTERNATIONAL BRAND FOR PREMIUM COFFEE BUSINESS UNDER CUSTOMERS' PERSPECTIVE: CASE STUDY IN CHIANG MAI, THAILAND

CHULALUCK PRATIP NA THALANG

MASTER OF BUSINESS ADMINISTRATION
IN BUSINESS ADMINISTRATION

MAE FAH LUANG UNIVERSITY

2008

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## THESIS SUBMITTED TO MAE FAH LUANG UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN BUSINESS ADMINISTRATION

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THIS THESIS HAS BEEN APPROVED

TO BE A PARTIAL FULFILLMENT OF THE REQUIREMENTS

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2008

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Chulaluck Pratip Na Thalang

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under Customers' Perspective: Case Study in

Chiang Mai, Thailand

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#### **ABSTRACT**

The purposes of this study are to compare customers' perspectives on the marketing strategies for coffee business between Thai and international brands and to study the consumer behavior in coffee business related to consumers' personal backgrounds. The participants of this study were 400 random consumers who buy coffee both of Thai and international brands in Muang Chiang Mai. The data was collected by using questionnaires and the data evaluation was done by using SPSS program for windows. Additionally, the statistics used for the data analysis were frequency, percentage, mean, standard deviation, t-test, and ANOVA. From this study, it is found that, out of the total 400 participants, the consumers of Thai brands are accounted for 206 people and the consumers of international brands are accounted for 194 people.

v

Most of the consumers that prefer Thai brands are female, 36-45 years of age,

working as employees or freelancers, have income ranges below 10,000 THB per month, and

have highest qualification at bachelor degree. They drink coffee everyday in the morning, Black

Canyon is their favorite brand, drink coffee because the taste of it, the price of the coffee that they

prefer to pay for is below 30 THB per unit, they buy coffee at tourist attractions mostly, coffee

shop that has air condition is their prefer, friends have influence on their decisions about the

coffee shop they choose, the additional service that they want from the coffee shop is internet, and

majority of the consumers know the coffee shops from promotional activities at the selling points.

Most of the consumers that prefer international brands are male, 16-25 years of age,

they are high school /college students, income below 10,000 THB per month, and have highest

qualification at bachelor degree. They drink coffee everyday in the morning, Coffee World is

their favorite brand, drink coffee because the taste of it, the price of the coffee that they prefer to

pay for is 30-39 THB per unit, they buy coffee at tourist attractions mostly, coffee shop that has

air condition is their prefer, friends have influence on their decisions about the coffee shop they

choose, the additional service that they want from the coffee shop is internet, and majority of the

consumers know the coffee shops from promotional activities at the selling points.

Marketing strategy for Thai coffee brand and international coffee brand are different.

The most important marketing strategy for Thai coffee brand is to deal with product factor while

the most important marketing strategy for international coffee brand is to deal with promotional

factor. However, both of the consumers of Thai coffee brands and international coffee brands do

not give varying importance to the promotional methods specifically; premium goods, corporate

social responsibility and environmental concerns. Moreover, the study about consumer behavior

that related to marketing strategies under different consumer backgrounds find that the differences

in general information of customers of both brands has affected on the differences of customer

behavior in coffee business about their preferred shop layout.

**Keywords:** Coffee business, Thai brands, International brands, Marketing strategy

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#### **CHAPTER 1**

#### INTRODUCTION

#### 1.1 Background

Coffee has been popular among Thai people for a long period of time. Because of the coffee has its own tasty, sweet and richly scented for drinkers. Nowadays, coffee is even more popular when coffees markets are remodel the product packages and quality of coffee are designed to suit with customer's need in their daily life. Instant coffee canned coffee, and premium coffee shops. This is what makes coffee business attractive to investors of both Thai and international since they see the potential of growing in the market (Siamturakij, 2007).

After the 1997 economic crisis, premium coffee business has developed and are well known for investors and consumers. Premium coffee shops are growing rapidly, especially the shops which are widely located in modern trade department stores such as malls, hyper markets, and discount stores. Although the cost for each shop is high, investors have tried to adapt the business strategies to overcome the expenses. In addition, premium coffee businesses have further expanded to other business areas such as in gas stations, theatres, electric trains, fairs, book stores, hospitals, fitness, electric train stations, and airports to attract more consumers because of the high demand and its popularity.

However, coffee business has a lot of promises and carries the opportunities in Thailand. Most of Thai premium coffee shops are merged to foreign coffee business branches and Thai premium coffee business just has 3 premium coffee shops in international markets in Singapore, Malaysia, and Indonesia (Kasikorn Research Center, 2005). With the growing coffee market, Kasikorn Research Center (2005) expects that the total value of market with this business is 3,500 million baht and the grown-up rate is still 20 percent per year in Thailand. Moreover, coffee shops businesses in Thailand become more interesting to investors because of high demand

of Thai consumers. So, the opportunities to run this business are high including with the consumer behavior that drinks coffee in their daily life.

In Thailand, premium coffee shops have 2 types; foreign premium coffee with international brands such as Star's Bucks, Au Bon Pain, Gloria Jeans, UCC and Thai premium coffee with Thai brands such as Black Canyon, Baan Rai Coffee, Coffee World, and Modern Coffee. Market share for international coffee brands is about 60 percent and for Thai coffee brands is approximately 40 percent (Siam Commercial Bank Library, 2003).

In conclusion, the coffee production is the interested business due to the high demand of Thai coffee drinkers with expectation that Thai people will consume coffee around 30 percent of Thai population and will increase consistently. So, this business has more opportunities to expand but market competitions are also high. Therefore, entrepreneurs and investors should adapt the business strategies in both attraction and acceptation for the market situations (Kasikorn Research Center, 2005). With high competition in coffee business, marketing strategy plays an important role for both international premium coffee business and Thai premium coffee business.

So, the researcher is interested in the study of marketing strategy in comparison for both brands in order to understand the consumers' perspective and their response to marketing strategies in premium coffee business for both brands in the highest population province in the North of Thailand, Chiang Mai Province (Chiang Mai Statistical Office, 2005). Moreover, the researcher also investigates the consumer behavior in the specified area in order to have better understanding for further marketing strategy development.

#### 1.2 Objectives

- 1.2.1 To compare customers' perspectives on the marketing strategies for coffee business between Thai and international brands.
- 1.2.2 To study the consumer behavior in coffee business related to consumers' personal backgrounds.

#### 1.3 Research questions

- 1.3.1 Do the international premium coffee businesses use the same or different marketing strategies as compared to Thai premium coffee businesses?
- 1.3.2 Is the consumer behavior related to marketing strategy under consumers' demographic differences?

#### 1.4 The benefit of the study

- 1.4.1 To find out the responses from the customers on differences in marketing strategies between Thai and international brands.
- 1.4.2 To acknowledge consumer behavior related to marketing strategies under different consumer backgrounds.
- 1.4.3 To provide guidelines to the investors in the coffee business for both of Thai and international brands in Chiang Mai, Thailand.

#### 1.5 Hypothesis

- 1.5.1 The perspectives of customers for Thai and international brands on marketing mix are different.
- 1.5.2 The differences general information of customers in both brands is affected to the differences customer behavior in coffee business.

#### 1.6 Scope of the study

To compare customers' perspectives on the marketing strategies for coffee business between Thai and international coffee brands in Thailand. The scope of this study consists of:

- 1.6.1 To study the marketing strategies for coffee business from consumers' perspective of both Thai and international brands by studying about marketing mix or 4 P's which are; product strategy, price strategy, place strategy, and promotion strategy.
- 1.6.2 To study the consumer behavior of consumers who buy coffee from both of Thai and international brands, a case study in Chiang Mai, Thailand.

#### 1.7 Technical term define

**Coffee** means a brewed beverage prepared from roasted seed commonly called coffee beans of the coffee plant.

Marketing strategy means a strategy that focuses on developing a unique long-run competitive position in the market by assessing consumer needs and the firm's potential for gaining a competitive advantage.

**Marketing mix** means the probably most famous marketing term. Its elements are the basic, tactical components of a marketing plan. Also known as the Four P's, the marketing mix elements are price, place, product, and promotion.

#### 1.8 Conceptual framework

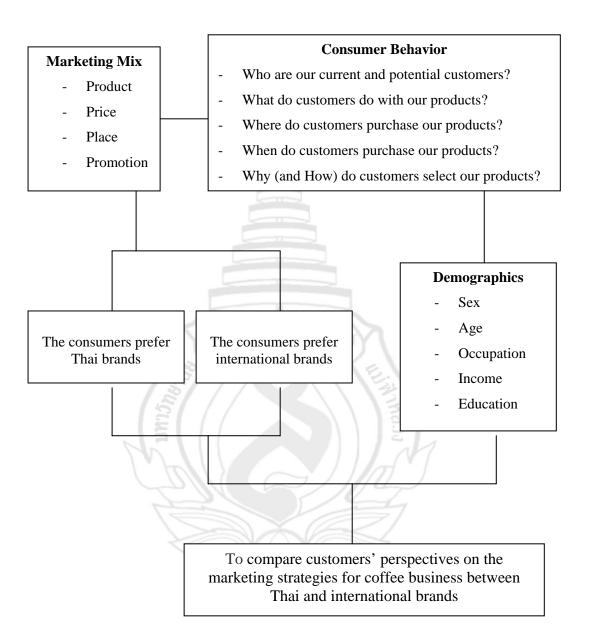


Figure 1.1 Conceptual framework

#### **CHAPTER 2**

#### LITERATURE REVIEW

The literature review has been conducted by using books and articles. These books and articles are used to find relevant literature concerning the topic. This section will look at three streams of research, namely:

- 2.1 Theoretical and related concepts with consumers' behavior.
- 2.2 Theoretical and related concepts with marketing strategy.
- 2.3 Empirical studies.

#### 2.1 Theoretical and related concepts with consumers' behavior

Customers' behavior is important for business since the understanding of customers' behavior plays an important part in evaluating the degree of success in the business and establishing the success in the business. This research will present theoretical and related concepts about consumers' behavior which the details of theoretical and related concepts about consumers' behavior are as followed:

#### 2.1.1 Consumer behavior definitions

Sheth and Mittal (2004) state that customer behavior is the mental and physical activities undertaken by household and business customers that resulted in decisions and actions to pay for, purchase, and use products and services. It includes a variety of activities and a number of roles that people can hold. (p. 12)

Solomon (2002) states that consumer behavior covers a lot of ground: It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires. (p. 5)

Kardes (2002) has given definition to customer behavior that it is the study of human responses to products, services, and the marketing of products and services. (p. 5)

Additionally, Lamb et al. (2000) state that consumer behavior is processes a consumer uses to make purchase decisions, as well as to use and dispose of purchased goods or services; also includes factors that influence purchase decision and the use of products. (p. 142)

From the definition of consumer behavior above, the summary can be made that behavior of the consumer or decision maker in the market place of products and services is often used to describe the interdisciplinary field of scientific study that attempts to understand and describe such behavior.

#### 2.1.2 Consumer behavior analysis

Kotler et al. (1998) state that the marketing organization that really understands how consumers will respond to different product features, prices and advertising appeals has a great advantage over its competitors. Therefore, companies and academics have heavily researched the relationship between marketing stimuli and consumer response. Their starting point is the stimulus response model of buyer behavior shown in figure 1. This figure shows that marketing and other stimuli enter the consumer's mind and produce certain responses. (p. 182)

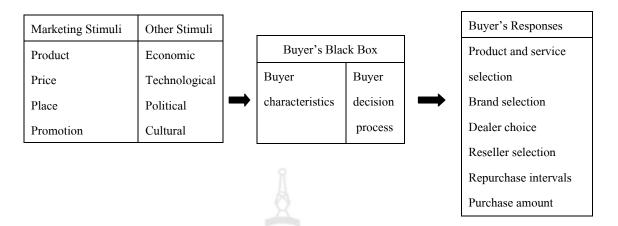


Figure 2.1 A model of buyer behavior (Kotler et al., 1998: 183)

Figure 2.1 on the left, marketing stimuli consist of the marketing mix elements namely: product, price, place (Distribution), and promotion, together with the people and processes involved. Other stimuli include major forces and events in the buyer's environment namely: economic, technological, political, and culture. All these stimuli make themselves felt by coming together in the buyer's black box. Here they are turned into a set of observable buyer responses shown on the right product and service category selection, brand selection, reseller selection, purchase timing, repurchase intervals, and purchase amount.



Figure 2.2 Buyer decision process (Kotler et al., 1998: 205)

Figure 2.2 from Kotler et al. (1998) shows the consumer as passing through five stages namely: need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behavior. Clearly, the buying process starts long before actual purchase and

continues long after. Marketers need to focus on the entire buying process rather than on just the purchase decision. (p. 205)

In assessing the firm's target markets, the marketing manager must attempt to understand all relevant buyer behavior and product usage characteristics. One method that the manager can use to collect this information is the 5W Model: Who, What, Where, When and Why (Ferrell & Hartline, 2005: 52).

Who are our current and potential customers? Answering the "Who" question requires an examination of the relevant characteristics that define target markets. This includes demographic characteristics (Gender, age, income, occupation, education, ethic background, family life cycle, etc.), geographic characteristics (Where customers live, density of the target market, etc.), and psychographic characteristics (Attitudes, opinions, interests, motives, lifestyles, etc.). Depending on the types of products sold by the firm, purchase influencers, rather than actual customers, may be important as well. The analysis must also assess the viability of potential customers or markets that may be acquired in the future. This involves looking ahead to situations that may increase the firm's ability to gain new customers.

What do customers do with our products? The "What" question entails an assessment of how customers consume and dispose of the firm's products. Here the marketing manager might be interested in identifying the rate of product consumption (Sometimes called the usage rate), differences between heavy and light users of products, whether customers use complementary products during consumption, and what customers do with the firm's products after consumption. In business markets, customers typically use the firm's products in the creation of their own products. As a result, business customers tend to pay very close attention to product specifications and quality.

Where do customers purchase our products? The "Where" question is main about the distribution of the products or services. Recently, most firms looked solely at traditional channels of distribution, such as brokers, wholesalers, and retailers. Thus, the marketing manager would have concerns about the intensity of the distribution effort and the types of retailers that the firm's customers patronized. Today, however, many other forms of distribution are available. The fast growing form of distribution today is no store retailing which includes vending machines; direct marketing through catalogs or infomercials; and electronic merchandising through the Internet,

interactive television, and video kiosks. Business markets have also begun to capitalize on the lower costs of procurement via the Internet. Likewise, many manufactures have bypassed traditional distribution channels in favor of selling through their own outlets stores or websites.

When do customers purchase our products? The "When" question refers to any situational influences that may cause customer purchasing activity to vary over time. This includes broad issues, such as the season ability of the firm's products and the variability in purchasing activity caused by promotional events or budgetary constraints. Everyone knows that consumer purchasing activity increases just after payday. In business markets, budgetary constraints and the timing of a firm's fiscal year often dictate the "When" question. The "When" question also includes more subtle influences that can affect purchasing behavior, such as physical and social surroundings, time perceptions, and the purchase task. Customers can also vary their purchasing behavior based on the time of day or how much time they have to search for alternatives.

Why (And how) do customers select our products? The "Why" question involves identifying the basic need satisfying benefits provided by the firm's products. The potential benefits provided by the features of competing products should also be analyzed. This question is important because customers may purchase the firm's products to fulfill needs that the firm never considered. The answer to the "Why" question can also aid in identifying unsatisfied or under satisfied customer needs. During the analysis, it is also important to identify potential changes in customers' current and future needs. The "How" part of this question refers to the means of payment that customers use when making a purchase. Although most people use cash (Which also includes checks and debit cards) for most transactions, the available of credit makes it possible for customers to take possession of high priced products like cars and homes.

#### 2.1.3 Characteristics influencing consumer behavior

#### 1. Psychological factors

As marketers we are intent on predicting buyer behavior. Over the centuries humans have attempted to both understand and predict individual behavior based on a wide range of indicators. Some of the indicators used have included physical characteristics of the body (Morphologies), bumps on the head (Phrenology), and personality types. Some early theorists overlooked the environment completely. That is, they saw individual behavior as being primarily

determined by the unconscious elements we associate with the human mind. More recently, behaviorist theorists have influenced marketing science by suggesting that the development of cognitive thinking, personality and all behavior is a function of learning. Cognitive psychologists another branch of psychology tends to take the view that perception and memory play a major role in determining behavior. In truth, many branches of psychology have led to our present scientific knowledge of consumer behavior. We commence by examining how a person's buying choices are influenced by five major psychological factors: motivation, perception, learning, beliefs, attitudes, and personality. (Kotler et al., 1998, p. 182)

- 1) Motivation is a need that is sufficiently pressing to direct the person to seek satisfaction of the need. (Kotler et al., 1998: 182)
- 2) Perception is the process by which people select, organize and interpret information to form a meaningful picture of the world. (Kotler et al.,1998: 182; Mullins et al., 2005: 119)
- 3) Learning describes changes in an individual's behavior arising from experience. (Kotler et al., 1998: 182; Perreault & McCarthy, 2002: 161)
- 4) Belief is a descriptive thought that a person holds about something. (Kotler et al., 1998: 182)
- 5) Attitude is a person's point of view toward something. The "something" may be a product, an advertisement, a salesperson, a firm, or an idea. Attitudes are an important topic for marketers because attitudes affect the selective processes, learning, and eventually the buying decisions people make (Perreault & McCarthy, 2002: 162). In other meaning, attitude is a positive or negative feeling about an object that predisposes a person to behave in a particular way toward that object. (Mullins et al., 2005: 121)
- 6) Personality is a person's distinguishing psychological characteristics (Hawkins et al., 2007, p. 378) that lead to relatively consistent and lasting responses to his or her own environment. (Kotler et al., 1998: 182)

#### 2. Personal factors

There are many personal influences and circumstances that will affect our buying behavior in an ever changing pattern (Wright, 1999: 84). A buyer's decisions are also

influenced by personal characteristics such as the buyer's age and life cycle stage, occupation and economic situation. (Kotler et al., 1998: 182)

#### 1) Age and life cycle stage

People change the goods and services they buy over their lifetimes. For instance, they eat baby food in their early years, most foods in their growing and mature years, and special diets in their later years. Their taste in clothes, furniture and leisure pursuits is also age related. Some services such as homes for the elderly and lawn mowing services cater mainly to those in their senior years. Buying is also shaped by the stage of the family life cycle the stages through which families might pass as they mature over time. Marketers often define their target markets in terms of life cycle stage and develop appropriate products and marketing plans. However, marketers are increasingly catering to a growing number of alternative, non traditional stages such as unmarried couples, single parents, extended parents (those with young adult children returning home), and others (Kotler et al., 1998: 182). Proper age positioning is critical for many products. Age carries with it culturally defined behavioral and attitudinal norms. It affects our self concept and lifestyles, (Hawkins et al., 2007: 120)

#### 2) Occupation

Occupation is probably the most widely applied single cue we use to initially evaluate and define individuals we meet. This should be obvious when you stop to think of the most common bit of information we seek from a new acquaintance: "What do you do?" Almost invariably we want to know someone's occupation to make inferences about his or her probable lifestyle (Hawkins et al., 2007: 117). A person's occupation affects the goods and services bought. Manual workers tend to buy more work clothes, work shoes and lunch boxes and enjoy sports like motor racing, whereas those involved in information intensive industries tend to buy more business shirts and ties and would be more likely to have a home computer. Marketers try to identify the occupational groups that have an above average interest in their products and services. A company can even specialize in making products needed by a given occupational group. For example, computer software companies will design products for brand managers, accountants, engineers, lawyers and doctors (Kotler et al., 1998: 182)

#### 3) Education

A person's education level is one factor that determines social class. Those with higher education levels tend to hold positions that influence such things as standard of dress and computer usage. They tend to place a high value on information and education for their children (Kotler et al., 1998: 182). Education influences what one can purchase by partially determining one's income and occupation. It also influences how one thinks, makes decisions to others. Those with a limited education are generally at a disadvantage not only in earning money but in spending it wisely. (Hawkins et al., 2007: 119)

#### 4) Economic situation

A person's economic situation will affect product choice. A person can buy an expensive new sports car if he or she has enough disposable income, savings or borrowing power. Otherwise he or she might buy a lower priced model with fewer features, or not buy a new car at all. Marketers of income sensitive goods such as motor vehicles closely watch trends in personal income, savings and interest rates. If economic indicators point to a recession, marketers can often take steps to redesign, reposition and reprise their products. This is not always possible, as in the car industry, because of the capital costs and lead times involved. (Kotler et al., 1998: 182)

#### 3. Cultural factors

Cultural factors exert the broadest and deepest influence on consumer behavior.

Marketers need to understand the role played by the culture, the subculture, and the social class.

(Kotler et al., 1998: 182)

- 1) Culture is the whole set of beliefs, attitudes, and ways of doing things of a reasonably homogeneous set of people (Perreault & McCarthy, 2002: 170) shared by members of a society and transmitted from one generation to the next through socialization. Cultural values and beliefs tend to be relatively stable over time, but they can change from one generation to the next in response to changing conditions in society. (Mullins et al., 2005: 125)
- 2) Subculture is a segment of a larger culture whose members share distinguishing values and patterns of behavior. (Hawkins et al., 2007: 158) Subcultures can exist within the overall culture of a society. They are manifested by a minority way of living and behaving, adopted by groups of people that are in some way different from the accepted

widespread culture of the majority of the population. The subculture can be a more or less permanent way of living, can affect just a small or a larger part of a group member's life and tends to be open to change, as customs and practices change, to meet and adapt to new circumstances. (Wright, 1999: 80)

3) Social class is a group of people who have approximately equal social position as viewed by others in the society. (Perreault & McCarthy, 2002: 167) Every society has its status groupings largely based on similarities in income, education, and occupation. Because researchers have long documented the values of the various classes (Typically thought of as five-upper, upper-middle, middle, working, and lower), it is possible to infer certain behavior concerning some products and services, including class members' reactions to advertising. For example; lower status people respond to ads that are strongly visual and show practical solutions to their everyday problems (Mullins et al., 2005: 126).

#### 4. Social factors

A consumer's behavior is also influenced by social factors. Because these social factors can strongly affect consumer responses, companies must take them into account when designing their marketing strategies (Kotler et al., 1998: 182).

1) Reference groups are the people whom an individual looks when forming attitudes about a particular topic. People normally have several reference groups for different topics. Some they meet face to face. Others they just wish to imitate. In either case, they may take values from these reference groups and make buying decisions based on what the group might accept (Perreault & McCarthy, 2002: 169). This might be the group of friends we always hang around with, the middle class people next door, the members of the squash club, a group of friends at university or the people we drink with at the pub. People will often want to purchase products or services to conform to, or to impress, a particular reference group (Wright, 1999: 83). These include a variety of groups that affect consumer behavior through normative compliance, value expressed influence, and informational influence. The first is most effective when there are strong normative pressures; when social acceptance is important; and when the use of a product is conspicuous. Value expressive influence involves conforming to gain status within one's group (Mullins et al., 2005: 126).

2) Family is a key group not only because it is a primary reference group but also because it is the group within which individual purchasing behavior is socialized. Attitudes and beliefs in general and patterns of purchasing behavior in particular are all learnt initially from the family into which an individual is born and raised (The family of orientation). Once individuals start to have their own children they set up their own family unit (Family of procreation). This developing family group also exerts an influence on the behavior of individuals. There are, moreover, purchasing decisions that are taken by the household as a unit which reinforce the family as a key primary reference group (Kotler et al., 1998: 182). The family is a reference group, but because of its importance, we discuss it separately. First, it serves as the primary socialization agent, helping members acquire the skills, knowledge, and attitudes to function as consumers in the marketplace. Consequently, it has a great and lasting influence on its younger members' attitudes toward various brands and stores. It is likely that many of the product purchase decision by a given generation are influenced by parents, even grandparents. Crest toothpaste, Tide laundry detergent, various brands of cars, and various insurance companies are examples of long lived preferences that can be handed down. Children can also socialize their parents by introducing them to new products such as food, personal care items, and the personal computer (Mullins et al., 2005: 127).

3) Roles and status is a person belongs to many groups: family, clubs, and organizations. The person's position in each group can be defined in terms of both role and status. With her parents, a woman plays the role of daughter; in her family, she plays the role of wife; in her company, she plays the role of product manager. A role consists of the activities people are expected to perform according to the persons around them. Each role a person plays will influence some part of their buying behavior (Kotler et al., 1998: 182).

For drinking business, personal factors are the most influence. Therefore, this study will mainly focus on personal factors.

#### 2.2 Theoretical and related concepts with marketing strategy

#### 2.2.1 Marketing strategy definition

Lamb et al. (2000) state that marketing strategy involves the activities of selecting and describing one or more target markets and developing and maintaining a marketing mix that will produce mutually satisfying exchanges with target markets. (p. 43)

From Kotler et al. (1998), marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives. Marketing strategy consists of specific strategies for target markets, marketing mix and marketing expenditure level. (p. 77)

Additionally, Ferrell and Hartline (2005) have given that marketing strategy describes how the firm will fulfill the needs and wants of its customers. It can also include activities associated with maintaining relationships with other stakeholders, such as employees or supply chain partners. Stated another way, marketing strategy is a plan for how the organization will use its strengths and capabilities to match the needs and requirements of the market. A marketing strategy can be composed of one or more marketing programs. Each program consists of two elements: a target market or markets and a marketing mix (Sometimes known as the four Ps of product, price, place, and promotion). To develop a marketing strategy, an organization must select the right combination of target market and marketing mix in order to create distinct competitive advantages over its rivals. A competitive advantage is something that the organization does better than its competitors that give it an edge in serving customers' needs and/or maintaining mutually satisfying relationships with important stakeholders. (p. 12)

Drummond and Ensor (2001) state that in a strategic role, marketing aims to transform corporate objectives and business strategy into a competitive market position. Essentially, the concern is to differentiate our activities/products by meeting customer needs more effectively than competitors. Marketing strategy can by characterize by: (a) analyzing the business environment and defining specific customer needs (b) matching activities/products to customer segments, and (c) implementing program that achieve a competitive position, superior to competitors. (p. 10)

From the definitions of marketing strategy above, a brief definition can be made that the marketing strategy is a process that can allow an organization to concentrate its (always limited) resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage.

#### 2.2.2 The marketing mix

Lamb et al. (2000) state that the term marketing mix refers to a unique blend of product, distribution, promotion, and pricing strategies designed to produce mutually satisfying exchanges with a target market. (p. 44) Distribution is sometimes referred to as place, thus giving us the four Ps of the marketing mix: product, place, promotion, and price. The marketing manager can control each component of the marketing mix, but the strategies for all four components must be blended to achieve optimal results (Ferrell & Hartline, 2005). Any marketing mix is only as good as its weakest component. The best promotion and the lowest price cannot save a poor product. Similarly, excellent product with poor distribution, pricing, or promotion will likely fail.

Variations in marketing mixes do not occur by chance. Astute marketing managers devise marketing strategies to gain advantages over competitors and best serve the needs and wants of a particular target market segment. By manipulating elements of the marketing mix, marketing managers can fine tune the customer offering and achieve competitive success.

#### 1. Product strategies

A product is anything that is potentially valued by a target market for the benefits or satisfactions it provides, including objects, services, organizations, places, people, and ideas (Cravens, 1997: 292). Typically, the marketing mix starts with the product "P". The heart of the marketing mix, the starting point, is the product offering and product strategy. It is hard to design a distribution strategy, decide on a promotion campaign, or set a price without knowing the product to be marketed. The product includes not only the physical unit but also its package, warranty, after sale service, brand name, company image, value, and many other factors (Lamb et al., 2000, p. 44). It might arguably be said that the product or service that the organization offers for sale is the very reason for its existence. Without a product there is no company.

As marketing puts the customer at the very heart of its activities the product or service must be developed and offered in conjunction with the customer's and the market's needs. The product eventually marketed will consist of many elements some tangible and some intangible (Cravens, 1997: 292). Some of the elements will be intrinsic to the product and others will exist only in the mind of the customer. To help in under standing all these elements it is

helpful to break the product down into its constituent parts and examine each part in turn. However, a simple working definition of a product is needed before we begin (Wright, 1999: 132).

#### 2. Distribution (Place) strategies

Wright (1999) states that place of purchase is where and how the product is made available for sale. This will also reflect on the image of the product and so should compliment all the other elements of the product. Premium priced, quality lingerie would create a negative customer reaction if sold from a stall in the market. (p. 132) Distribution strategies are concerned with making products available when and where customers want them. The question that should be asked is "Would you rather buy a kiwi fruit at the twenty four hour grocery store within walking distance or fly to Australia to pick your own?". A part of this place "P" is physical distribution, which involves all the business activities concerned with storing and transporting raw materials or finished products. The goal of distribution is to make sure products arrive in usable condition at designated places when needed (Lamb et al., 2000: 44).

Market target buyers may be contacted on a direct basis using the firm's sales force or, instead, through a distribution channel of marketing intermediaries (e.g., wholesalers, retailer, or dealers). Distribution channels are often used in linking producers with end user household and business markets. Decisions that are made include the type of channel organizations to use the extent of channel management performed by the firm, and the intensity of distribution appropriate for the product or service. The choice of distribution channels influences buyers' positioning of the brand (Cravens, 1997, p. 19). Other meaning of distribution is that distribution is having the product available where target customers can busy it, is essential to success. Only in rare cases will customers go to much trouble to secure a particular brand (Hawkins et al., 2007: 21).

#### 3. Promotion strategies

Promotion includes personal selling, advertising, sale promotion, and public relations (Wright, 1999: 144; Cravens, 1997: 20). These activities make up the promotion strategy, which performs an essential role in positioning products in the eyes and minds of buyers. Promotion informs, reminds, and persuades buyers and others who influence the purchasing process (Cravens, 1997: 20). Promotion's role in the marketing mix is to bring about mutually

satisfying exchanges with target markets by informing, educating, persuading, and reminding them of the benefits of an organization or a product. A good promotion strategy, like using the Dilbert character in a national promotion strategy for Office Depot, can dramatically increase sales. However, good promotion strategies do not guarantee success. Despite a massive promotional campaign, the movie Godzilla had disappointing box office returns. Each element of the promotion "P" is coordinated and managed with the others to create a promotional blend or mix (Lamb et al., 2000: 44).

#### 4. Pricing strategies

Price is the amount of money one must pay to obtain the right to use the product (Hawkins et al., 2007: 21). It is often the most flexible of the four marketing mix elements, the quickest element to change. Marketers can raise or lower prices more frequently and easily than they can change other marketing mix variables. Price is an important competitive weapon and very important to the organization because price multiplied by the number of units sold equals total revenue for the firm (Lamb et al., 2000: 44). Price also plays an important role in positioning a product or service. Customer reaction to alternative prices, the cost of the product, the prices of the competition and various legal and ethical factors establish the extent of flexibility management has in setting prices. Price strategy involves choosing the role of price in the positioning strategy, including the desired positioning of the product or brand as well as the margins necessary to satisfy and motivate distribution channel participants. Price may be used as an active component of marketing strategy, or instead, marketing emphasis may be on other marketing mix components (Cravens, 1997: 20).

The prices charged for the product will be seen as part of the product and reflect the overall sense of value for money felt by the customer. Too high or too low price will confuse customer perception of added value (Wright, 1999: 144).

#### 2.2.3 Product concept

Lamb et al. (2000) state that the product offering, the heart of an organization's marketing program, is usually the starting point in creating a marketing mix. A marketing manager cannot determine a price, design a promotion strategy, or create a distribution channel until the firm has a product to sell. (p. 318) Moreover, an excellent distribution channel, a persuasive promotion campaign, and a fair price have no value with a poor or inadequate product

offering. A product can be anything that satisfies a need or a want in exchange for some form of payment (Wright, 1999: 132).

Product may be defined as everything, both favorable and unfavorable, that a person receives in an exchange. A product may be a tangible good like a pair of shoes, a service like a haircut, an idea like "don't litter", or any combination of these three. Packaging, style, color, options, and size are some typical product features. Just as important are intangibles such as service, the seller's image, the manufacturer's reputation, and the way consumers believe others will view the product.

Products can be classified as either business (Industrial) or consumer products, depending on the buyer's intentions. The key distinction between the two types of products is their intended use. If the intended use is a business purpose, the product is classified as a business or industrial product. A business product is used to manufacture other goods or services, to facilitate an organization's operations, or to resell to other customers. A consumer product is bought to satisfy an individual's personal wants. Sometimes the same item can be classified as either a business or a consumer product, depending on its intended use. Examples include light bulbs, pencils and paper, and microcomputers.

We need to know about product classifications because business and consumer products are marketed differently. They are marketed to different target markets and tend to use different distribution, promotion, and pricing strategies (Lamb et al., 2000: 318).

#### Convenience goods

These goods are so called because they are readily available at a convenient time and place. This might be any time of the night or day. In return for this convenience the customer is prepared to pay a premium price. Convenience goods will probably all be fast moving consumer goods (Wright, 1999: 136). Nevertheless, consumers do know the brand names of popular convenience products, such as Coca-Cola, Bayer aspirin, and Right Guard deodorant. Convenience products normally require wide distribution in order to sell sufficient quantities to meet profit goals (Lamb et al., 2000: 318).

#### Stable goods

This classification covers basic products that will be consumed on a regular basis. Stable goods will probably be both fast moving consumer goods (FMCG) and convenience goods. What is a stable may vary between different groups of consumers. It will include products such as bread, potatoes, milk, margarine or butter, beer, tea, breakfast cereal, toilet rolls, etc (Wright, 1999: 136).

Distress goods

Distress goods are those products that people have to buy and so do not have to be convinced they need (Except in being persuaded to buy one brand rather than another). This will include such products as car tyres, batteries, toilet rolls, razors, female hygiene products, etc (Wright, 1999: 136).

Impulse goods

These are groups of products that are purchased on impulse that is on the spur of the moment. Many different types of products may be purchased on impulse including food, confectionery, clothes and even more expensive items such as TVs and cars. If products are known sometimes to be bought on impulse, the retailer will often aid the process by displaying the product within easy reach (Wright, 1999: 136).

Own label goods

These are products produced for a retailer by a manufacturer and sold under the name of that retailer. This has been an enormous growth in own label products over the last 20 years notable through outlets like Tesco, Sainsbury, Marks and Spencer, B&Q and Homebase. Own label products are seen to be in direct competition to the manufacturer's own branded goods because many consumers perceive them to be of equal or better value (Wright, 1999: 136).

Shopping goods

Shopping goods are products that the consumer will want to take time to chose. The buying process will involve looking around and visiting different outlets. It includes products and services such as furniture, cars, cookers, bicycles, washing machines, carpets, double glazing, insurance, mortgages, holidays. The seller would need to make certain that point of sale information is made available in all of the relevant forms so as to aid the prospective consumer toward purchase (Wright, 1999: 136). A shopping product is usually more expensive than a convenience product and is found in fewer stores. Consumers usually buy a shopping product only after comparing several brands or stores on style, practically, price, and lifestyle compatibility. They are willing to invest some effort into this process to get the desired benefits.

There are two types of shopping products: homogeneous and heterogeneous. Consumers perceive homogeneous shopping products as basically similar for example, washers, dryers, refrigerators, and televisions. With homogeneous shopping products, consumers typically look for the lowest priced brand that has the desired features. In contrast, consumers perceive heterogeneous shopping products as essentially different for example, furniture, clothing, housing, and universities. Consumers often have trouble comparing heterogeneous shopping products because the prices, quality, and features vary so much. The benefit of comparing heterogeneous shopping products is "finding the best product or brand for me"; this decision is often highly individual (Lamb et al., 2000: 318).

#### Specialty goods

Specialty goods are products that serve a specialty market. They could include products such as cameras, fishing tackle, golf equipment, cowboy accoutrements, etc. These products tend to be sold through specialized outlets with a deep assortment of one type of product (Wright, 1999: 137). When consumers search extensively for a particular item and very reluctant to accept substitutes, that item is a specialty product. Fine watches, Rolls Royce automobiles, expensive stereo equipment, gourmet restaurants, and highly specialized forms of medical care are generally considered specially products. Marketers of specialty products often use selective, status conscious advertising to maintain their product's exclusive image. Distribution is often limited to one or a very few outlets in a geographic area. Brand names and quality of service are often very important (Lamb et al., 2000: 318).

#### Unsought products

A product unknown to the potential buyer or a known product that the buyer does not activity seek is referred to as an unsought product. New products fall into this category until advertising and distribution increase consumer awareness of them. Some goods are always marketed as unsought items, especially needed products we do not like to think about or care to spend money on. Insurance, burial plots, encyclopedias, and similar items (Wright, 1999: 137) require aggressive personal selling and highly persuasive advertising. Salespeople actively seek leads to potential buyers. Because consumers usually do not seek out this type of product, the company must go directly to them through a salesperson, direct mail, or direct response advertising (Lamb et al., 2000: 318).

#### 1. Branding

According to legend, the practice of branding products originated when an ancient ruler decided that products should bear some sort of symbol so that, if something should go wrong, buyers and the authorities would know who was to blame. Forced to identify their products with themselves, the story goes; producers began to take greater pride in their products and to make them better than those of their competitors, thus reversing the negative intent of the king's order. Whether the story is true or not, it makes the point that branding serves many purposes, both for the buyer and for the seller (Zikmund & Amico, 2001: 600). A brand is a name, term, symbol, design, or combination thereof that identifies a seller's products and differentiates them from competitors' products. A brand name is that part of a brand that can be spoken, including letters (GM, YMCA), words (Chevrolet), and numbers (WD-40, 7-Eleven). The elements of a brand that cannot be spoken are called the brand mark for example, the well known Mercedes-Benz and Delta Airlines symbols (Lamb et al., 2002: 301; Kerin et al., 2003: 305). The American Marketing Association defines a brand name as the part of the brand consisting of words or letters that form a name that identifies and distinguishes the firm's offerings from those of its competitors (Kurtz & Boone, 2006: 388).

#### 2. Trademarks

A brand or brand name can be almost anything a marketer wants it to be, but it does not have any legal status. A trademark, on the other hand, is a legally protected brand name or brand mark. The owners of trademarks have exclusive rights to their use. Thus, the word trademark is a legally defined term (Zikmund & Amico, 2001; 260). A trademark should not be confused with a trade name, which identifies a company (Kurtz & Boone, 2006; 391). A well known trademark can help a company advertise its offerings to customers and develop their brand loyalty. Since a good trademark can help sell a product, product counterfeiting, which involves low cost copies of popular brands not manufactured by the original producer has been a growing problem. Counterfeit products can steal sales from the original manufacturer or hurt the company's reputation (Kerin et al., 2003; 305).

#### 3. Branding strategies

Firms face complex branding decisions. As figure 2.3 illustrates, the first decision is whether to brand at all. Some firms actually use the lack of a brand name as a selling

point. These unbranded products are called generic products. Firms that decide to brand their products may choose to follow a policy of using manufacturers' brands, private (Distributor) brands, or both. In either case, they must then decide among a policy of individual branding (Different brands for different products), family branding (Common names for different products), or a combination of individual branding and family branding (Lamb et al., 2002: 304).

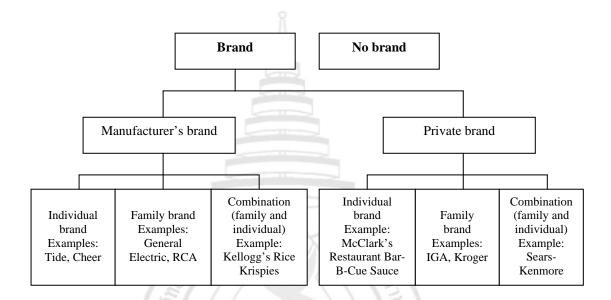


Figure 2.3 Major branding decisions (Lamb et al., 2002: 304)

#### 4. Manufacturers' brands versus private brands

Manufacturers' brand, also called national brands, define the image that most people form when they think of brand. A manufacturer's brand refers to a brand name owned by a manufacturer or other producer. Examples of well known manufacturers' brands are Hewlett-Packard, Kodak, Pepsi Cola, Dell, and Heinz (Kurtz & Boone, 2006: 385). Some frequently encountered products have names that are owned by retailers or other intermediaries. The Sears line of Craftsman tools is a good example. Brands owned by Sears, Safeway, Kmart, and other retailers are called distributor brands or private brands. Brands owned by wholesalers, such as IGA, are also called distributor brands (Zikmund & Amico, 2001: 264). Sometimes, there are two types of brands of the same product, such as Whirlpool and Kenmore, especially when Whirlpool

is likely to be the actual manufacturer of the Sears Kenmore line of appliances because each brand serves a different purpose. The manufacturer brand is intended to create customer loyalty toward the products of a particular manufacturer. Having a brand of its own gives the manufacturer a means to control its own products. The products bear its name and are promoted in ways it deems appropriate; furthermore, the flow of profit is directed toward the firm. In contrast, the distributor brand is intended to build loyalty toward a retailer or wholesaler. The retailer, having control over the brand, can advertise it, change its price, label it, and so forth, in any way necessary to please its own customers. Traditionally, distributor brands provide the retailer with a higher margin than do manufacturer brands. To retailers and other distributors supplying retailers, this is an attractive feature (Zikmund & Amico, 2001: 264).

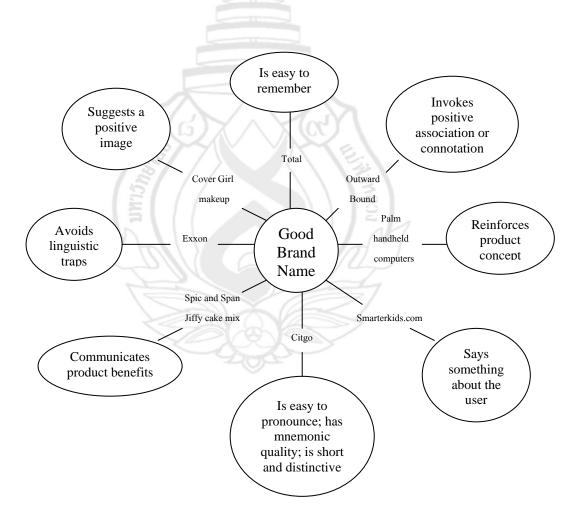


Figure 2.4 Characteristics of a good brand name (Zikmund & Amico, 2001: 264)

#### 5. Individual brands versus family brands

Many companies use different brand names for different products, a practice referred to as individual branding. Companies use individual brands when their products vary greatly in use or performance (Lamb et al., 2002: 306), rather than promoting it under the name of the company or under an umbrella name covering similar items (Kurtz & Boone, 2006: 386). On the other hand, a company that markets several different products under the same brand name is using a family brand (Lamb et al., 2002: 306). A promotional outlay for a family brand can benefit all items in the line. Family brands also help marketers introduce new products to both customers and retailers. Since supermarkets stock thousands of items, they hesitate to add new products unless they are confident they will be in demand. Family brands should identify products of similar quality, or the firm risks harming its overall product image. While individual brand names should, however, distinguish dissimilar products (Kurtz & Boone, 2006: 387).

#### 6. Licensing

Most manufacturers take years and spend millions to create their own brand names. However, some companies license names or symbols previously created by other manufacturers, names of well known celebrities, or characters from popular movies and books. For a fee, any of these can provide an instant and proven brand name (Kotler & Armstrong, 2008: 221). Licensing is a contractual agreement whereby a company allows another firm to use its brand name, patent, trade secret, or other property for a royalty or a fee. Licensing also assists companies in entering global markets with minimal risk (Kerin et al., 2003: 308). Brand experts note several potential problems with licensing, however. Brand names do not transfer well to all products. In addition, if a licensee produces a poor quality product or an item ethically incompatible with the original brand, the arrangement could damage the reputation of the brand (Kurtz & Boone, 2006: 396).

## 2.2.4 Price concept

According to Kotler and Armstrong (2008) price is the amount of money charged for a product or service. More broadly, price is the sum of all the values that customers give up in order to gain the benefits of having or using a product or service (p. 266). Historically, price has been the major factor affecting buyer choice (Kurtz & Boone, 2006: 601). In recent decades, non-

price factors have gained increasing importance. However, price still remains one of the most important elements determining a firm's market share and profitability.

Price is the only elements in the marketing mix that produces revenue; all other elements represent costs. Price is also one of the most flexible marketing mix elements. Unlike product features and channel commitments, prices can be changed quickly. At the same time, pricing is the number-one problem facing many marketing executives, and many companies do not handle pricing well. One frequent problem is that companies are too quick to reduce prices in order to get a sale rather than convincing buyers that their product's greater value is worth a higher price. Other common mistakes include pricing that is too cost oriented rather than customer-value oriented, and pricing that does not take the rest of the marketing mix into account.

As the concept of Wilson and Gilligan (2005), it is generally acknowledged that pricing decisions are among the possibly most difficult that marketing managers are required to make. There are several for this, the most significant of which is the nature and complexity of the interaction that commonly exists between three groups-consumers, competitors and the distribution network- and the need that exists to take this interaction into account when either setting or changing a price. An added complexity is that pricing decisions often have to be made quickly and without testing, but almost invariably have a direct effect upon profit. Largely because of this, many marketing managers work to reduce the relative importance of price by, for example, giving far greater emphasis to the product's distinctive values and to its image (p. 515).

Some managers view pricing as a big headache, preferring instead to focus on the other marketing mix elements. However, smart managers treat pricing as a key strategic tool for creating and capturing customer value. Price has a direct impact on the firm's bottom line. According to one expert, "a 1 percent price improvement generates a 12.5 percent profit improvement for most organizations." More importantly, as a part of a company's overall value proposition, price plays a key role in creating customer value and building customer relationships. "Instead of running away from pricing," says the expert, "savvy marketers are embracing it." (Kotler & Armstrong, 2008: 266).

The specific strategies that firms use to price goods and services grow out of the marketing strategies they formulate to accomplish overall organizational objectives. One firm's marketers may price their products to attract customers across a wide range; another group of

marketers may set prices to appeal to a small segment of a larger market; still another group may simply try to match competitors' price tags. The following sections look at this choice s in more detail (Kurtz & Boone, 2006: 628).

#### 1. New-product pricing strategies

Pricing strategies usually change as the product passes through its life cycle. The introductory stage is especially challenging. Companies bringing out a new product face the challenge of setting pricings for the first time. They can choose between two broad strategies: marketing-skimming pricing and market-penetration pricing.

## 1) Market-skimming pricing

A firm introducing a new or innovative product can use skimming pricing (Kotler & Armstrong, 2008: 286; Hoffman et al., 2005: 521), setting the highest initial price that customers really desiring the product are willing to pay. These customers are not very price sensitive because they weigh the new product's price, quality, and ability to satisfy their needs against the same characteristics of substitutes. As the demand of these customers is satisfied, the firm lowers the price to attract another, more price sensitive segment (Lamb et al., 2000: 632). Thus, skimming pricing gets its name from skimming successive layers of "cream" or customer segments, as prices are lowered in a series of steps (Kerin et al., 2003: 366). Kurtz and Boone (2006) comment that a company may practice a skimming strategy in setting a market entry price when it introduces a distinctive good or service with little or no competition (p. 629).

## 2) Market-penetration pricing

According to Kotler and Armstrong (2008) rather than setting a high initial to skim off small but profitable market segments, some companies use market-penetration pricing (p. 287). They set a low initial price in order to penetrate the market quickly and deeply to attract a large number of buyers quickly and win a large market share (Kerin et al., 2003: 367). The high sales volume results in falling costs, allowing the company to cut its price even further. Lamb et al. (2000) comment that Penetration pricing does mean lower price per unit, therefore, to reach the break-even point, it requires higher volume sales than would skim policy (p. 632). If reaching a high volume of sales takes a long time, then the recovery of product development costs will also be slow. As you might expect, penetration pricing tends to discourage competition. An organization trying to establish a monopoly might set prices low to restrict or eliminate

competition and then raise prices high, after all competition had been eliminated (Zikmund & Amico, 2001: 600).

#### 2. Product mix pricing strategies

The strategy for setting a product's price is often changed when the product is part of a product mix. In this case, the firm looks for a set of prices that maximizes the profits on the total product mix. Pricing is difficult because the various products have related demand and costs and face different degrees of competition.

#### 1) Product line pricing

A marketer using a price lining strategy prices the products in a product line according to a number of "price points." Price points are simply specific prices. A marketer selling a full product line establishes certain price points to differentiate the items in the line (Zikmund & Amico, 2001: 603). In some instances all the items might be purchased for the same cost and then marked up at different percentages to achieve these price points based on color, style, and expected demand. In other instances manufacturers design products for different price points, and retailers apply approximately the same markup percentage to achieve the three or four different price points offered to consumers (Kerin et al., 2003: 368).

Price lines also present drawbacks, especially if costs are continually rising. Sellers can offset rising costs in three ways. First, they can begin stocking lower quality merchandise at each price point. Second, sellers can change the prices, although frequent price line changes confuse buyers. Third, sellers can accept lower profit margins and hold quality and prices constant. This third alternative has short run benefits, but its long run handicaps may drive sellers out of business (Lamb et al., 2000: 642).

## 2) Optional product pricing

Many companies use optional product pricing offering to sell optional or accessory products along with their main product. For example, a car buyer may choose to order alloy wheels and a CD changer. Refrigerators come with optional ice makers. An iPod buyer can also choose from a bewildering array of accessories, everything from travel chargers and FM transmitters to external speakers and armband carrying cases. Pricing these options is a sticky problem. Automobile companies must decide which items to include in the base price and which to offer as options. Until recent years, General Motors' normal pricing strategy was to advertise a

stripped down model at a base price to pull people into showrooms and then to devote most of the showroom space to showing option loaded cars at higher prices. The economy model was stripped of so many comforts and conveniences that most buyers rejected it. Then, GM and other U.S. car makers followed the examples of the Japanese and German automakers and included in the sticker price many useful items previously sold only as options. Most advertised prices today represent well equipped cars (Kotler & Armstrong, 2008: 288).

## 3) Captive product pricing

According to Kotler and Armstrong (2008) companies that make products that must be used along with a main product are using captive product pricing. Examples of captive products are razor blade cartridges. Producers of the main products (Razors, video game consoles, and printers) often price them low and set high markups on the supplies. Thus, Gillette sells low priced razors but makes money on the replacement cartridges. HP makes very low margins on its printers but very high margins on printer cartridges and other supplies. Sony and other video games makers sell game consoles at low prices and obtain the majority of their profits from the video games. In the case of services, this strategy is called two-part pricing. The price of the service is broken into a fixed fee plus a variable usage rate. Thus, at Six Flags and other amusement parks, you pay a daily ticket or reason pass charge plus additional fees for food and other in park features. Theaters charge admission and then generate additional revenues from concessions. And cell phone companies charge a flat rate for a basic calling plan, then charge for minutes over what the plan allows. The service firm must decide how much to charge for the basic service and how much for the variable usage. The fixed amount should be low enough to include usage of the service; profit can be made on the variable fees. In a captive pricing strategy, the basic product is priced low, often below cost, but the high markup on supplies required operating the basic product makes up for that low price (Zikmund & Amico, 2001: 602).

## 4) By product pricing

In producing processed meats, petroleum and agricultural products, chemicals, and other products, there are often by products. If the by products have no value and if getting rid of them is costly, this will affect the pricing of the main product. Using be product pricing, the manufacturer will seek a market for these by products and should accept any price that covers more than the cost of storing and delivering them. For example, papermaker Mead

Westvaco has turned what was once considered chemical waste into profit making products (Kotler & Armstrong, 2008: 289).

#### 5) Product bundle pricing

As marketers have watched e-commerce weaken their control over prices, they have modified their use of the price variable in the marketing mix. Whenever possible, they have moved to an approach called bundle pricing, where customers acquire a host of goods and services in addition to the tangible products they purchase (Kurtz & Boone, 2006: 647). Using product bundle pricing, sellers often combine several of their products and offer the bundle at a reduced price. For example, fast-food restaurants bundle a burger, fries, and a soft drink at a combo price. Resorts sell specially priced vacation packages that include airfare, accommodations, meals, and entertainment. Moreover, Comcast and other cable companies bundle cable service, phone service, and high-speed Internet connections at a low combined price. Price bundling can promote the sales of products consumers might not otherwise buy, but the combined price must be low enough to get them to buy the bundle (Kotler & Armstrong, 2008: 290).

Zikmund and Amico (2001) comment that with a price bundling strategy, a group of products is sold as bundle at a price lower than the total of the individual prices. The bargain price for the "extras" provides an incentive for the consumer. Selling a car with an "options package" is an example of a price bundling strategy. The marketer using a price bundling strategy benefits by increasing total revenues and, in many instances, reducing manufacturing costs. Inventory costs may also be reduced when marketers bundle slow selling items with popular items to deplete inventory (p. 603).

## 3. Price adjustment strategies

Companies usually adjust their basic prices to account for various customer differences and changing situations (Kotler & Armstrong, 2008: 290). The most common price adjustments are discounts, reductions from the list price or reimbursements for performing a specific action, such as maintaining a sales force or carrying inventory. Notice that each discounting technique provides an incentive to potential buyers but also yields some advantage, such as speedier payment of bills, to sellers (Zikmund & Amico, 2001: 612).

#### 1) Discount and allowance pricing

The many forms of discounts include a cash discount, a price reduction to buyers who pay their bills promptly. A quantity discount is a price reduction to buyers who buy large volumes. Such discounts provide an incentive to the customer to buy more from one given seller, rather than from many different sources (Kotler & Armstrong, 2008: 290). Trade discounts is to reward wholesalers and retailers for marketing functions they will perform in the future, a manufacturer often gives trade, or functional, discounts (Kerin et al., 2003: 380; Lamb et al., 2002: 612). The types and sizes of discounts for wholesalers, retailers, or other trades people vary considerably by industry. Generally, the discount rate, which reflects the intermediary's percentage margin on the goods sold, increases as the intermediary's role in marketing to the customer increases. Thus, discounts are higher in the furniture industry than in the grocery industry (Zikmund & Amico, 2001: 613). A seasonal discount is a price reduction for buying merchandise out of season. It shifts the storage function to the purchaser. Seasonal discounts also enable manufacturers to maintain a steady production schedule year-round (Lamb et al., 2002, p. 612). By the view point of Kerin et al. (2003), to encourage buyers to stock inventory earlier than their normal demand would require, manufacturers often use seasonal discounts (p. 379).

Allowances are another type of reduction from the listed price. For example, trade-in allowances are price reductions given for turning in an old item when buying a new one. Trade-in allowances are most common in the automobile industry but are also given for other durable goods (Kotler & Armstrong, 2008: 290; Kurtz & Boone, 2006: 636). Promotional allowances are sellers in the channel of distribution can quality for promotional allowances for undertaking certain advertising or selling activities to promote a product. Various types of allowances include an actual cash payment or an extra amount of "free goods". Frequently, a portion of these savings is passed on to the consumer by retailers (Kerin et al., 2003: 381). According to Kurtz and Boone (2006) promotional allowances reduce prices as part of attempts to integrate promotional strategies within distribution channels. Manufacturers often return part of the prices that buyers pay in the form of advertising and sales-support allowances for channel members. Automobile manufacturers frequently offer allowances to retail dealers to induce them to lower prices and stimulate sales. In an effort to alert consumers to the difference between

a car's sticker price and the price the dealer actually pays to the manufacturer, Consumer reports recently began selling car and truck buyers a breakdown on dealers' wholesale costs (p. 636).

#### 2) Segmented pricing

Companies will often adjust their basic prices to allow for differences in customers, products, and locations. In segmented pricing, the company sells a product or service at two or more prices, even though the difference in prices is not based on differences in costs. Segmented pricing takes several forms. Under customer segment pricing, different customers pay different prices for the same product or service. Using location pricing, a company charges different prices for different locations, even though the cost of offering each location is the same. For segmented pricing to be an effective strategy, certain conditions must exist. The market must be segment able, and the segments must show different degrees of demand. The cost of segmenting and watching the market cannot exceed the extra revenue obtained from the price difference. Additionally, the segmented pricing must also be legal. Most importantly, segmented prices should reflect real differences in customers' perceived value. Otherwise, in the long run, the practice will lead to customer resentment and ill will (Kotler & Armstrong, 2008: 290).

## 3) Psychological pricing

Psychological applies the belief that certain prices or price ranges make products more appealing than others to buyers. No research offers a consistent foundation for such thinking, however, and studies often report mixed findings. Nevertheless, marketers practice several forms of psychological pricing (Kurtz & Boone, 2006: 640). Another aspect of psychological pricing is reference prices that buyers carry in their minds and refer to when looking at a given product. The reference price might be formed by nothing current prices, remembering past prices, or assessing the buying situation. Sellers can influence or use these consumers' reference prices when setting price (Kotler & Armstrong, 2008: 292). Retailers often use a reference pricing strategy, in which they choose a moderate price for a version of a product that will be displayed next to a higher-priced model of the same brand or a competitive brand. This strategy is based on the isolation effect, which suggests that a choice looks more attractive next to a high priced alternative than it does in isolation. Reference pricing is also used by catalog retailers such as Service Merchandise to convey the idea that they offer bargain prices.

The catalog may show "reference price," "store price," and sometimes "sale price." (Zikmund & Amico, 2001: 604; Kotler & Armstrong, 2008: 292)

#### 4) Promotional pricing

According to Kurtz and Boone (2006) in promotional pricing, a lower than normal price is used as a temporary ingredient in a firm's marketing strategy. Some promotional pricing arrangements form part of recurrent marketing initiatives. Managing promotional pricing efforts requires marketing skill. As described earlier, customers may get hooked on sales and other promotional pricing events. If they know their favorite department store has one-day sales every month, they are likely to wait to make their purchases on that day (p. 641). Lamb et al. (2002) suggest price is often used as a promotional tool to increase consumer interest. The weekly flyers sent out by grocery stores in the Sunday newspaper, for instance, advertise many products with special low prices (p. 595). With promotional pricing, companies will temporarily price their products below list price and sometimes even below cost to create buying excitement and urgency. Promotional pricing takes several forms. Supermarkets and department stores will price a few products as loss leaders to attract customers to the store in the hope that they will buy other items at normal markups. Seller will also use special event pricing in certain seasons to draw more customers. Manufacturers sometimes offer cash rebates to customers who buy the product from dealers within a specified time; the manufacturer sends the rebate directly to the customer. Rebates have been popular with automakers and producers of durable goods and small appliances, but they are also used with consumer packaged goods. Some manufacturers offer low interest financing, longer warranties, or free maintenance to reduce the consumer's "price." This practice has become another favorite of the auto industry. Or, the seller may simply offer discounts from normal prices to increase sales and reduce inventories (Kotler & Armstrong, 2008: 294).

Promotional pricing, however, can have adverse effects. Used too frequently and copied by competitors, price promotions can create "deal prone" customers who wait until brands go on sale before buying them. Or, constantly reduced prices can erode a brand's value in the eyes of customers. Marketers sometimes use price promotions as a quick fix instead of sweating through the difficult process of developing effective longer term strategies for building their brands. In fact, one observer notes that price promotions can be downright addicting to both the company and the customer: "Price promotions are the brand equivalent of heroin: easy to get

into but hard to get out of. Once the brand and its customers are addicted to the short term high of a price cut, it is hard to wean them away to real brand building but continue and the brand dies by 1,000 cuts" The frequent use of promotional pricing can also lead to industry price wars. Such price wars usually play into the hands of only one or a few competitors those with the most efficient operations. The point is that promotional pricing can be an effective means of generating sales for some companies in certain circumstances. But it can be damaging for other companies or if taken as a steady diet.

# 5) Geographical pricing

Kurtz and Boone (2006) state that in industries dominated by catalog and online marketers, geographic considerations weigh heavily on the firms' ability to deliver orders in a cost effective manner at the right time and place. In other instances, geographic factors affect the marketer's ability to received additional inventory quickly in response to demand fluctuations. And although geographic considerations strongly influence prices when costs include shipping heavy, bulky, low unit value products, they can also affect lightweight, lower cost products. Buyers and sellers can handle transportation expenses in several ways: (1) The buyer pays all transportation charges, (2) the seller pays all transportation charges, or (3) the buyer and the seller share the charges. This decision has major effects on a firm's efforts to expand its geographic coverage to distant markets. Marketers can compete with local suppliers in distant markets who are able to avoid the considerable shipping costs that their firms must pay by; seller can implement several alternatives for handling transportation costs in their pricing policies (p. 636). Kerin et al. (2003) comment that geographical adjustment are made by manufacturers or even wholesalers to list or quoted prices to reflect the cost of transportation of the products from seller to buyer (p. 382).

## 6) Dynamic pricing

Throughout most of history, prices were set by negotiation between buyers and sellers. Fixed price policies setting one price for all buyers is a relatively modern idea that arose with the development of large scale retailing at the end of the nineteenth century. Today, most prices are set this way. However, some companies are now reversing the fixed pricing trend. They are using dynamic pricing adjusting prices continually to meet the characteristics and needs of individual customers and situations. Dynamic pricing makes sense in many contexts it adjusts

prices according to market forces, and it often works to the benefit of the customer. But marketers need to be careful not to use dynamic pricing to take advantage of certain customer groups, damaging important customer relationships (Kotler & Armstrong, 2008: 296; Kerin et al., 2003: 382).

Kurtz and Boone (2006) state that marketing executives must also set company policies that determine whether their firm will permit price flexibility that is; the decision of whether to set one price that applies to every buyer or to permit variable prices for different customers. Generally, one price policies suit mass selling marketing programs, whereas variable pricing is more likely to be applied in marketing programs based on individual bargaining. In a large department store, customers do not expect to haggle over prices with retail salespeople. Instead, they expect to pay the amounts shown on the price tags. Generally, customers pay less only when the retailer replaces regular prices with sale prices or offers discounts on damaged merchandise (p. 640). Kerin et al. (2003) comment that, however, flexible pricing has grown in popularity because of increasingly sophisticated information technology. Today, many marketers have the ability to customize a price for an individual on the basis of his or her purchasing patterns, product preferences, and price sensitivity, all of which are stored in company data warehouses. Flexible pricing means that some customers pay more and others less for the same product or service. And, flexible pricing is not without its critics because of this discriminatory potential (p. 382).

Lamb et al. (2002) state that this tactic is often found in the sale of shopping goods, specialty merchandise, and most industrial goods except supply items. Flexible pricing also enables the seller to close a sale with price conscious consumers. If buyers show promise of becoming large volume shoppers, flexible pricing can be used to lure their business. The obvious disadvantages of flexible pricing are the lack of consistent profit margins, the potential ill will of high paying purchasers, the tendency for salespeople to automatically lower the price to make a sale, and the possibility of a price war among sellers. The disadvantages of flexible pricing have led the automobile industry to experiment with one price for all buyers (p. 616).

#### 7) International pricing

According to Kotler and Armstrong (2008), companies that market their products internationally must decide what prices to charge in the different countries in which they

operate. In some case, a company can set a uniform worldwide price. However, most companies adjust their prices to reflect local market conditions and cost considerations. The price that a company should charge in a specific country depends on many factors, including economic conditions, competitive situations, laws and regulations, and development of the wholesaling and retailing system. Consumer perceptions and preferences also may vary from country to country, calling for different prices. Or the company may have different marketing objectives in various world markets, which require changes in pricing strategy.

## 2.2.5 Place (distribution) concept

A firm's distribution channels play a key role in its overall marketing strategy because these channels provide the means by which the firm makes the goods and services available to ultimate users. Channels perform four important functions. First, they facilitate the exchange process by reducing the number of marketplace contacts necessary to make a sale. Distributors adjust for discrepancies in the market's assortment of goods and service via a process known as sorting, the second channel function. A single producer tends to maximize the quantity it makes of a limited line of goods, while a single buyer needs a limited quantity of a wide selection of merchandise. Sorting alleviates such discrepancies by channeling products to suit both the buyer's and the producer's needs. The third function of marketing channels involves standardizing exchange transactions by setting expectations for products, and it involves the transfer process itself. Channel members tend to standardize payment terms, delivery schedules, prices, and purchase lots among other conditions. Standardization helps make the transactions efficient and fair. However, sometimes standardization can create problems for certain channel members. The final marketing channel function is to facilities searches by both buyers and sellers. Buyers search for specific goods and services to fill their needs, while sellers attempt to learn what buyers want, channels bring buyers and sellers together to complete the exchange process (Kurtz & Boone, 2006: 417).

According to Zikmund and Amico (2001), a channel of distribution may be referred to by other names, and terms vary from industry to industry. But whether channel, trade channel, or some other variant of the term is used the functions performed remain the same. The term channel of distribution has its origins in the French word for canal, suggesting a path that goods take as they flow from producers to consumers. In this sense, a channel of distribution is defined

by the organizations or individuals along the route from producer to consumer. Because the beginning and ending points of the route must be included, both producer and consumer are always members of a channel of distribution. Kerin et al., (2003) state that marketing channels can be compared with a pipeline through which water flows from a source to terminus. Marketing channels make possible the flow of goods from a producer, through intermediaries, to a buyer. Intermediaries go by various names and perform various functions. Some intermediaries actually purchase items from the seller, store them, and resell them to buyers.

#### 1. Channel structures

There are many routes a product can take to reach its final consumer. Marketers search for the most efficient channel from the many alternatives available. Marketing a consumer convenience good like gum or candy differs from marketing a specialty good like a Mercedes-Benz. The two products require much different distribution channels. In order to illustrate the differences in typical marketing channels for consumer and business-to-business products like these, the next sections discuss the structures of marketing channels for each product type (Lamb et al., 2002, p. 385).

#### 1) Channels for consumer products and services

Figure 2.5 shows the four most common marketing channels for consumer goods and services. It also shows the number of levels in each marketing channel, as evidenced by the number of intermediaries between a producer and ultimate buyers.

Channel A represents a direct channel because a producer and ultimate consumers deal directly with each other. Many products and services are distributed this way. A number of insurance companies sell their financial services using a direct channel and branch sales offices. The remaining three channel forms are indirect channels because intermediaries are inserted between the producer and consumers and perform numerous channel functions.

Channel B, with a retailer added is most common when a retailer is large and can buy in large quantities from a producer or when the cost of inventory makes it too expensive to use a wholesaler. Adding a wholesaler in Channel C is most common for low cost, low unit value items that are frequently purchased by consumers, such as candy, confectionary items, and magazines.

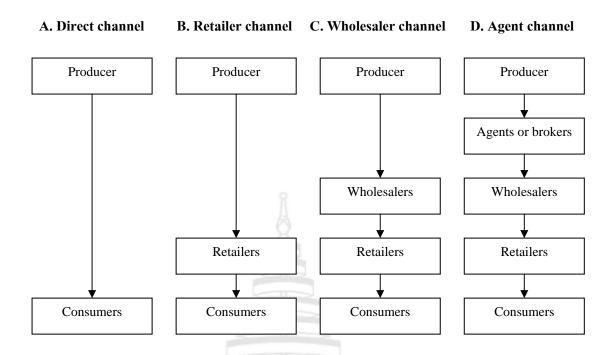


Figure 2.5 Marketing channels for consumer products and services (Lamb et al., 2002: 385)

Channel D, the most indirect channel, is employed when there are many small manufacturers and many small retailers and an agent is used to help coordinate a large supply of the product.

2) Channels for business-to-business and industrial products and services

The five most common channels for business goods and services are shown in figure 2.6. In contrast with channels for consumer products, business channels typically are shorter and reply on one intermediary or none at all because business users are fewer in number, tend to be more concentrated geographically, and buy in larger quantities (Kerin et al., 2003: 404).

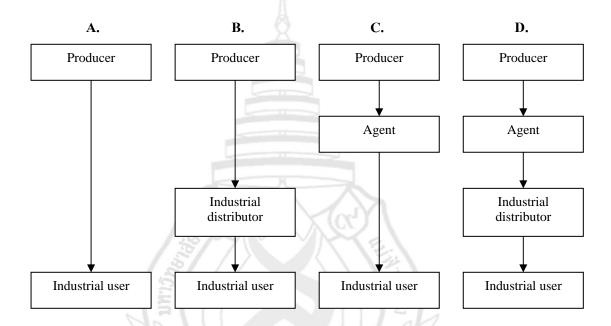
Channel A is a direct channel. Firms using this channel maintain their own sales force and perform all channel functions. This channel is employed when buyers are large and well defined, the sales effort requires extensive negotiations, and the products are of high unit value and require hands on expertise in terms of installation or use.

Channel B, C, and D are indirect channels with one or more intermediaries to reach industrial users. In Channel B an industrial distributor performs a variety of marketing channel functions, including selling, stocking, and delivering a full product assortment and

financing. In many ways, industrial distributions are like wholesalers in consumer channels.

Channel C introduces a second intermediary, an agent, who serves primarily as the independent selling arm of products and represents a producer to industrial users.

Channel D is the longest channel and includes both agents and distributors. For instance, Harkman Electric, a small Texas based producer of electric products, uses agents to call on distributors who sell to industrial users.



**Figure 2.6** Common marketing channels for business goods and services (Kerin et al., 2003: 404)

# 3) Multichannel distribution systems

In the past, many companies used a single channel to sell to a single market or market segment. Today, with the proliferation of consumer segments and channel possibilities, more and more companies have adopted multichannel distribution systems often called hybrid marketing channels. Such multichannel marketing occurs when a single firm sets up two or more marketing channels to reach one or more customer segments. The use of multichannel systems has increased greatly in recent years.

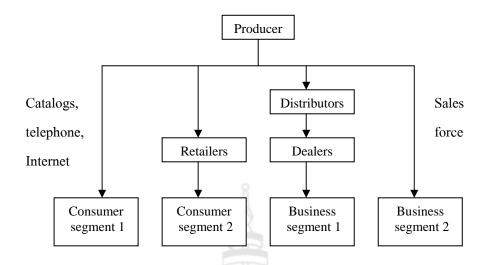


Figure 2.7 Multichannel distribution systems (Kotler & Armstrong, 2008: 320)

Figure 2.7 shows a multichannel distribution system. In the figure, the producer sells directly to consumer segment 1 using direct mail catalogs, telemarketing, and the Internet and reaches consumer segment 2 through retailers. It sells indirectly to business segment 1 through distributions and dealers and to business segment 2 through its own sales force.

These days, almost every large company and many small ones distribute through multiple channels. Fidelity investments reach customers by telephone, over the internet, and through its branch offices. It invites its customer to "call, click, or visit" Fidelity. Urban outfitters market itself through its traditional retail outlets, a direct response internet site, its mail order catalog, and as a retailer on Amazon.com.

Multichannel distribution systems offer many advantages to companies facing large and complex markets. With each new channel, the company expands its sales and market coverage and gains opportunities to tailor its products and services to the specific needs of diverse customer segments. But such multichannel systems are harder to control, and they generate conflict as more channels compete for customers and sales (Kotler & Armstrong, 2008: 320).

#### 2.2.6 Promotion concept

Most promotional strategies use several ingredients which may include advertising, public relations, sales promotion, and personal selling to reach a target market. That combination is called the promotional mix. The proper promotional mix is the one that management believes will meet the needs of the target market and fulfills the organization's overall goals. The more funds allocated to each promotional ingredient and the more managerial emphasis placed on each technique, the more important that element is though to be in the overall mix (Lamb et al., 2002: 475).

#### 1. Advertising

Advertising includes any informative or persuasive message carried by a non-personal medium and paid for by a sponsor whose product is in some way identified in the message. However, the direct mailing of catalog, electronic media advertisements featuring computerized ordering, and other direct response vehicles are becoming increasingly popular. Thus, contemporary definitions of advertising recognize that it can be carried via mass media or electronic interactive media (Zikmund & Amico, 2001: 454).

One of the primary benefits of advertising is its ability to communicate to a large number of people at one time. Cost per contact, therefore, is typically very low. Advertising has the advantage of being able to reach the masses, but it can also be micro targeted to small groups of potential customers (Lamb et al., 2002: 475). Kotler and Armstrong (2008) state that advertising also has some shortcomings, although it reaches many people quickly, advertising is impersonal and cannot be as directly persuasive as can company salespeople. For the most part, advertising can carry on only a one way communication with the audience, and the audience does not feel that it has to pay attention or respond. In addition, advertising can be very costly. Although some advertising forms, such as newspaper and radio advertising, can be done on smaller budgets, other forms, such as network TV advertising, require very large budgets (p. 386).

## 2. Public relations

Concerned about how they are perceived by their target markets, organizations often spend large sums to build a positive public image. Public relations is the marketing function that evaluates public attitudes, identifies areas within the organization that the public may be interested in, and executes a program of action to earn public understanding and acceptance.

Public relations helps an organization communicate with its customers, suppliers, stockholders, government officials, employees, and the community in which it operates. Marketers use public relations not only to maintain a positive image but also to educate the public about the company's goals and objectives, introduce new products, and help support the sales effort (Lamb et al., 2002: 475). Public relations are very believable news stories, features, sponsorships, and events seem more real and believable to readers than ads do. Public relations can also reach many prospects who avoid salespeople and advertisements the message gets to the buyers as "news" rather than as a sales directed communication. And, as with advertising, public relations can dramatize a company or product. Marketers tend to underused public relations or to use it as an afterthought. Yet a well thought out public relations campaign used with other promotion mix elements can be very effective and economical (Kotler & Armstrong, 2008: 386).

## 3. Sales promotion

According to Kurtz and Boone (2006), sales promotion consists of marketing activities other than personal selling, advertising, guerilla marketing, and public relations that stimulate consumer purchasing and dealer effectiveness. This broad category includes displays, trade shows, coupons, contests, samples, premiums, product demonstrations, and various nonrecurring, irregular selling efforts. Sales promotion provides a short term incentive, usually in combination with other forms of promotion, to emphasize, assist, supplement, or otherwise support the objectives of the promotional program (p. 494). Lamb et al. (2002) state that, often marketers use sales promotion to improve the effectiveness of other ingredients in the promotional mix, especially advertising and personal selling. Research shows that sales promotion complements advertising by yielding faster sales responses (p. 477).

## 4. Personal selling

Zikmund and Amico (2001) state that personal selling is a person to person dialogue between buyer and seller. The purpose of the human interaction, whether face to face or over the phone, is to provide information that may persuade the buyer to accept a point of view, to convince the buyer to take a specific course of action, or to develop a customer relationship. In many instances, the one to one nature of this communication technique means that it is quite expensive to employ. The salesperson must be properly trained. He or she may have to spend considerable time developing and delivering a message suited to the individual customer. Time

may also be spent traveling or waiting for the opportunity to deliver the message. Lamb et al. (2002) explain that relationship selling emphasizes a win-win outcome and the accomplishment of mutual objectives that benefits both buyer and salesperson in the long term. Relationship selling does not seek either a quick sale or a temporary increase in sale rather; it attempts to create involvement and loyalty by building a lasting bond with the customer (p. 477).

# 1. Marketing communication

Communication is the process of exchanging information with and conveying meaning to others. The goal of communication is a common understanding. That is the goal is to have the receiver of the information understand as closely as possible the meaning intended by the sender, or source, of the message. Figure 8 summarizes the communication process graphically. In considering the exhibit, remember that it describes all types of communication words, gestures, pictures, and so on. The model may be used to describe an advertisement, a telephone sales call, a point of purchase display, or any promotional communication (Zikmund & Amico, 2001: 457).

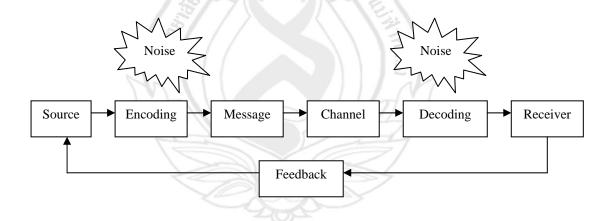


Figure 2.8 A basic model of the communication process (Zikmund & Amico, 2001: 457)

## 1) Encoding the message

Encoding is the process of translating the idea to be communicated into a symbolic message consisting of words, pictures, numbers, gestures, or the like. Encoding is a

necessary step there is no way to send an idea from one person to another without encoding it (Zikmund & Amico, 2001: 457).

#### 2) Transmitting the message through a channel

Once the sender has created the message by encoding an idea into a transmittable form, it must be somehow conveyed to the receiver: It must be sent through a channel of communication, such as a magazine or other medium. Even people's casual conversations are sent through a channel, though the medium is the less obvious one of vibrating vocal cords, which sends sound through air. The message arrives at the receiver via the channel of communication. But some receives will be more receptive than others (Zikmund & Amico, 2001: 457).

#### 3) Decoding the message

Decoding is the interpretation of the language and symbols sent by the source through a channel. Common understanding between two communicators, or a common frame of reference, is required for effective communication. Therefore, marketing managers must ensure a proper match between the message to be conveyed and the target market's attitudes and ideas. Even though a message has been received, it will not necessarily be properly decoded or even seen, viewed, or heard because of selective exposure, distortion, and retention. Even when people receive a message, they tend to manipulate, alter, and modify it to reflect their own biases, needs, knowledge, and culture. Factors that can lead to miscommunication are differences in age, social class, education, culture, and ethnicity. Further, because people don't always listen or read carefully, they can easily misinterpret what is said or written. In fact, researchers have found that a large proportion of both printed and televised communications are misunderstood by consumers. Bright colors and bold graphics have been shown to increase consumers' comprehension of marketing communication. However, even these techniques are not foolproof. Marketers targeting consumers in foreign countries must also worry about the translation and possible miscommunication of their promotional messages by other cultures. An important issue for global marketer to standardize or customize the message for each global culture marketed to (Lamb et al., 2002: 481).

#### 4) Feedback

Often, the communication process includes feedback, communication of the receiver's reaction that goes back to the source of the message. In a personal selling situation, the feedback may be direct and immediate, as when the customer raises questions about the product or states why he or she will not purchase it. Indeed, as mentioned, the great attraction of personal selling is that there can be a two way conversation, which ensures greater understanding between the people involved. Feedback about advertising, sales promotions, or publicity and public relations is in most cases slower and less direct. For instance, advertisers may conduct surveys, count coupon redemptions, or evaluate letters and telephone calls from consumers to learn the audience's reactions. Although advertisers can get delayed feedback about an advertisement's effectiveness, the feedback rarely provides all the desired information about the receivers' responses to the message (Zikmund & Amico, 2001: 460).

#### 5) Perfect communication

Ideally, in perfect communication, the message that was decoded and entered the mind of the receiver would be exactly the same as the one the sender had in mind, encoded, and transmitted. If the sender and the receiver share a common social background and have similar needs, they are more likely to similarly interpret the meaning of the words and symbols in the message. Perfect transmission, though, is never possible. In many cases, however, the sender can develop messages that will be decoded by the target audience to communicate approximately the message the sender had in mind.

It is likely perhaps even inevitable that any communication process will be interrupted or distorted by factors that communication expert's term "noise." Noise is interference or distraction, and it may disrupt any stage of the communication process. Noise may come in the form of conflicting messages, misunderstood terminology, inadequacies in the channel of communication, and so on. A listener might not hear a radio advertisement because of loud traffic noises outside the car. The sources of noise may be external to the individual such as traffic noises, or internal, such as daydreaming that prevents a listener from concentrating on a sales presentation. Many advertising messages cause people to think of a competing product. Brand loyalties and past learning are internal distractions that may interfere with the decoding process (Zikmund & Amico, 2001: 460).

## 2. Promotion mix strategies

The prime target of a promotional strategy may be either the ultimate consumer or a member of the distribution channel. No single strategy is purely one type or the other but; in general, the strategies can be described as follows and illustrated as shown in figure 9 (Zikmund & Amico, 2001: 466).

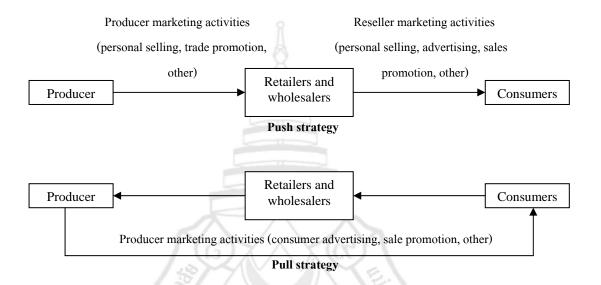


Figure 2.9 Push versus pull promotion strategy (Kotler & Armstrong, 2008: 387)

A push strategy involves "pushing" the product through marketing channels to final consumers. The producer directs its marketing activities (primarily personal selling and trade promotion) toward channel members to induce them to carry the product and to promote it to final consumers.

Using a pull strategy, the producer directs its marketing activities (primary advertising and consumer promotion) toward final consumers to induce them to buy the product. If the pull strategy is effective, consumers will then demand the product from channel members, who will in turn demand it from producers. Thus, under a pull strategy, consumer demand "pulls" the product through the channels (Kotler & Armstrong, 2008: 387).

In sum, the push strategy suggests a step by step promotional effort, while the pull strategy attempts to develop ultimate buyer demand and a smooth flow of products from the

manufacturer to the buyer via cooperative intermediaries. Consumers are most familiar with the pull strategy because they often encounter promotional messages that say, in effect, "go to the store and ask for this." However, a moment's though will suggest products sold by the push approach. A consumer might purchase an imported watch or an expensive perfume even though the brand name is totally unfamiliar because the salesperson mentions that this product is "the best." (Zikmund & Amico, 2001: 467)

#### 2.2.7 Mission statement

According to Kotler and Armstrong (2008), for long-run survival and growth of the firm, each company should find its own game plan (mission statement) which is the most logical according to the present situation, its opportunities, objectives and resources. This is what strategic planning focuses on, the process and development and keeping a strategic fit between the goals and capabilities of a firm and the opportunities which are changing in a marketing context. However, Goett (1997) states that mission statements are useless, all mission statements are written excruciatingly formal. Many firms packed their most senior people to prepare this essential document. After finishing the document, it will be tacked up on the wall and quickly forgotten. Concluding the fact that mission statements are rarely useful according to the author.

On the contrary, mission statements can be a very valuable tool to support a company its strategy and to get support from its employers when implemented correctly. Covey (1999) suggests that all employers of a company together should write down a mission statement for the company in order to make everyone feel in line with the company's mission statement. Then again, each department should write its own mission statement which is more suited for their specific activities but which is still in harmony with the company mission statement.

## 2.2.8 Strategy

According to Kotler and Armstrong (2008), after designing a mission statement a company has to design detailed supporting objectives that guide the entire firm. Secondly, headquarters will decide what portfolios of businesses and products are most suitable for the company and how much they support each one. From that point, every business unit will create their own product development, detailed marketing and other plans for that department that will support the company in its overall plan. Aaker and McLoughlin (2007) suggest that four dimensions define a business strategy. Starting with the product market investment which

describes where –and how to compete. Secondly the customer value proposition, choosing how to add value using different value propositions, for example good value, excellence on an important product or service, the best overall quality and global prestige. Thirdly, assets and competencies underline the importance of having an advantage over its competitors by those aspects in meaning of for example a large customer database and a highly skilled and motivate research and development department. Lastly, it focuses on functional strategies and programs which synergize with the customer value proposition and assets and competencies.

While Aaker and McLoughlin (2007) describe many different possible strategies, Treacy and Wiersema (1997) give a more clear and precise strategies by narrowing it down to three significant strategies, which they each call a value discipline, whereas the strategy that is most suitable for the company should be driven through the entire company and part of the mission statement. The first value discipline is operational excellence, which focuses on superb operations and execution often by providing an acceptable quality at a very low price. It focuses on efficiency, Supply Chain Management, streamlining operations, no-frills and volume counts. The second is product leadership where strong product innovation and brand marketing are important, operating in dynamic markets. The focus is on product development and innovation, design, time-to-market and high margins in a short timeframe. Lastly, customer intimacy is a value discipline which is based on excelling in customer attention and customer service, tailoring products or services to individuals or almost individual customers. The main focus is on CRM, delivering their services and products on time and above the customers its expectations, lifetime value concepts, reliability and being close to its customer.

Service firms can create the most value when applying the customer intimacy value discipline in their company. Zeithaml and Bitner (2003) confirm that closing the gap between perceived and expected service creates customer satisfaction and profitable long-term relationship with customers.

#### 2.2.9 CRM as a strategy

Customer Relationship Management (CRM) can be a useful tool to manage customer relationships according to Foss and Stone (2001). In earlier stages companies developed databases to capture customer information including such details as their profiles, demographics, bought products and other items of interest. This data is used by several people in the company in

order to determine market trends. CRM enables that database software to be used to develop actions in order to enhance customer relationships. Greenberg (2004) agrees that CRM is a useful tool to enhance customer relationship but that the implementation of CRM takes careful planning in order to succeed. He also mentions that a CRM program will not succeed with lack of planning or poor planning, in fact, Accenture and Wirthlin Worldwide surveyed Fortune 1000 executives and discovered that 74 per cent failed due to flawed planning, there was too much reliance on technology and too few on basic business planning. Lovelock and Wirtz (2007) agree that over half of the CRM implementations fail, but they believe this is due to the fact that companies equate installing a CRM system to having a customer relationship strategy. They see the system as the strategy itself instead of as a tool to enhance the firm's customer servicing capabilities.

Kotler and Armstrong (2008) define marketing as satisfying customer needs. A marketer must understand its consumer needs, develop products and services that cover those needs and provide superior customer value, and prices, distributes and promotes these products effectively, then those products would sell easily. They say companies should create a marketing mix which satisfies the needs of customers in terms of the four P's: Product, Price, Place (Distribution) and Promotion. Woodruffe (1995) and Zeithaml and Bitner (2003) identify another 3 extra P's to the marketing mix solely for services marketing. These are People, Physical evidence and Process which will be described later in this paper. The extra P's are especially used for service marketing since it involves interaction with the customer at the point of purchasing the service. As well as that, services are intangible, heterogeneous and perishable; on the contrary of products whereby production is separate from consumption, products are intangible, standardized and non-perishable.

# 2.3 Empirical studies

**Deijl** (2008) studied a comparison of the services marketing mix between Swedbank versus Rabobank. The study aimed finding differences between Swedbank's and Rabobank's services. The study also focused on the activities held in order to support the services marketing mix. The results revealed that both Swedbank and Rabobank seem to have a highly similar

services marketing mix. Small differences were found in marketing research, products, marketing communication, Human Resources Management and servicescape. In all these aspects, it showed that Swedbank uses a more personal approach than Rabobank. Future research could be focused on the historical development of both banks which has developed the bank's ways of doing business, the price development methods in detail, the segmentation process, the marketing communication campaigns of both Swedbank's and Rabobank's internet banking, service development process and corporate identity strategy. It would also be interesting to compare these banks with their competitors in order to discover why Swedbank and Rabobank stand out more than their competitors. This research shows the implications of successful services marketing mixes and is useful for financial banks and other related financial service institutions.

Niemela and Smith (1955) study a marketing strategy comparison: Finland, Western United States, and British Columbia. Fixed-format interviews with 102 of the largest softwood sawmills in Finland, the western coastal and inland regions of the United States, and the coastal and inland timber regions of British Columbia, Canada, were completed. The interviews compared and contrasted the marketing strategies used in these five regions. The marketing strategy concept was measured in two ways, in terms of a firm's perceived emphasis on targeted customer groups, product types, and market areas served; and how a company views itself relative to competitors on nine factors describing marketing competence. An overall response rate of 86.4 percent of the targeted largest firms represented 71, 77, and 58 percent of the total sawn softwood production in Finland, British Columbia, and the western United States, respectively. Finnish responding firms were much smaller than those in British Columbia and the western United States and generally followed a more focused customer strategy of a few well-defined segments and known end users. A sawmill's product strategy appears to be a function of firm size and export orientation. Domestically oriented western U.S. respondents emphasized a nondifferentiated commodity product strategy; in contrast, firms in British Columbia and Finland emphasized a differentiated product strategy. All respondents, particularly those from western U.S. and Finnish firms, stressed a market area strategy of a few, well-defined countries/regions. Finnish and western inland U.S. firms perceived their unique marketing competencies to be intensive personal selling and customer relationships. Coastal B.C. firms felt market share and competitive prices were their strengths. Inland B.C. respondents viewed transportation expertise and effectiveness of marketing channel to be their advantages. Western coastal U.S. respondents perceived their marketing competencies to include customer relationships and a well-known product brand. Results of this study will aid strategic planning in the study regions. Changing external factors such as environmental issues affecting resource supplies and innovative new processing technologies will require flexibility and adaptation to change. Strategic planning may be viewed as an adjuster between a company and its external environment. Firms may also use this information to gauge their current and future direction vis-à-vis the competition.

Radder and Huang (2008) study high-involvement and low-involvement products: a comparison of brand awareness among students at a South African university. The results indicated a higher awareness of high-involvement product brands than of low-involvement product brands. Advertising played an important role in the awareness of sportswear clothing brands, but seemed unimportant in the case of coffee. The brand name was important for coffee, while the name and the logo played a role in students' awareness of sportswear brands. This study was limited to students of the Nelson Mandela Metropolitan University (NMMU) in Port Elizabeth, South Africa and to sportswear clothing and coffee product categories. Future studies could comprise larger samples, different contexts and other product or service categories. The findings suggest that marketers employ different strategies to create and increase brand awareness for high- and low-involvement products. Previous research found that brand awareness played an important role in low-involvement products; however, little is known about brand awareness differences between high- and low-involvement products, particularly with respect to the brand awareness of South African students.

Sirisophar (2005) study attitude and behavior toward fresh coffee consumption star bucks store in Bangkok. The findings of products factors were that aroma scent of crush coffee seeds stirring with hot water and taste were the most important product attributes. Coffee seeds were needed to grow locally, substituting imported seeds. Pricing was affordable. Service was accelerating. Distribution channels needed to be expanded to cover increasing demands for fresh coffee, or losing to substitute brands. Coupon was a necessary promotion tool which Starbucks neglected. Inferential statistics for data analysis were Pearson Correlation. Hypothesis toward value and benefits of product attributes was null. On the contrary, it was perceived as health hazards because of caffeine. Consumption in store was preferred.

Sakyabhinand (2005) studies consumers' behavior in drinking green coffee in Bangkok metropolitan area. The results of the study revealed that consumers drank green coffee because of preference its flavor and they often chose to drink a well known home product. Times of drinking were not certain and most of them liked to buy from a coffee shop in trade center and general shop such as shop in the office and petrol stations, etc. Product factor that affected to drinking behavior was up to gender and income, cost and marketing promotion factors that affected to drinking behavior were up to gender, age and income, and area factor that affected to drinking behavior was up to income. Perceiving information of drinking green coffee, consumers almost received from mouth to mouth and thought that this kind of information was the most effective for making decision to drink green coffee. Information received in drinking green coffee varied according to gender, age, and income effected to a kind of media that influenced upon decision to buy green coffee while gender and age did not.

Pelsmacker et al. (2005) study consumer preferences for the marketing of ethically labeled coffee. The consumers attach greatest importance to the distribution strategy of ethically labeled coffee, followed by the type of ethical label, and the issuer of the label. Ethically labeled coffee should be available in ordinary supermarkets and be presented along with non-ethical coffee brands. Fair trade labeled coffee is by far the most preferred over eco- and bio-labels. European government labels, or labels issued by non-governmental organizations, are preferred over national (Belgian) government endorsed labels. Consumers prefer extra information on the package, in addition to a label. Out-of-shop promotion of the label and the type of brand are of minor importance. The results are similar across different socio-demographic groups.

Chang and Chieng (2006) study building consumer-brand relationship: a cross-cultural experiential view. The research aims to develop a framework of consumer-brand relationship by taking an experiential view. In the article, the authors report a cross-cultural comparative study that was conducted on a sample of real consumers at coffee chain stores in Shanghai, China, and Taipei, Taiwan. The findings reveal that individual as well as shared experiences work through brand association, brand personality, brand attitude, and brand image to shape a consumer-brand relationship.

Wang et al. (2005) study of consumers' purchase behaviors for canned coffee. The outcomes of the study showed that different life styles have a significant influence on the

consuming number of the use and purchase decision making behaviors. Different consuming motives have a significant influence on the consuming number and the preference degree of the use and purchase decision making behaviors. There is a significantly mutual influence existing between the life styles and the consuming motives.



# **CHAPTER 3**

# RESEARCH METHODOLOGY

Chapter three presents a description of the methodology for this study which includes hypothesis, survey design, population and sample, survey instrument, questionnaire design, data collection, and data analysis, respectively.

# 3.1 Hypothesis

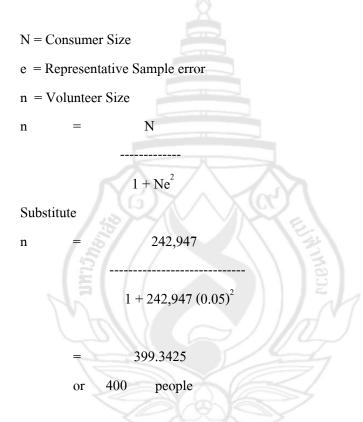
Two hypotheses developed from the research questions of this study. The first is that the perspectives of customers for Thai brands and international brands on marketing mix are different. The second is that the general information of customers in both brands is affected to the customer behavior in coffee business.

# 3.2 Survey design

This study is designed to identify the differences in perceiving marketing strategy in coffee business from consumers' perspective. Data is collected from coffee consumers in both of Thai and international brands in Chiang Mai province, Thailand. This study also employs the survey method, which makes the use of questionnaire. There are many types of survey methods; however, collecting data by distributing questionnaire to the sample group by random were selected for this study.

# 3.3 Population and Sample

Population for this research is the consumers who buy coffee both of Thai and international brands in Chiang Mai province, Thailand. From the most recent data from Chiang Mai Statistical Office, in 2005, there are 242,947 people in Chiang Mai (Chiang Mai Statistical Office, 2009). Therefore, the sample for this study is calculated by using Taro Yamance (Tanin Sinjaru, 2007).



From the calculation, 400 samples are used for data collecting.

In this study, the samples were drawn from consumers of coffee business in Chiang Mai province, Thailand. A sample size of 400 was surveyed for each coffee shop from both Thai and international brands.

# 3.4 Survey instrument

Based on the results of questionnaire pretests, some modifications are made to the research instrument to make sure that the respondents understand all of the questions in the questionnaires. The questionnaires are printed to make it as attractive and accessible as possible. The questionnaire is made practical by dividing it into parts and labeling. Additional, the cover letter emphasizes the importance of the potential respondent's participation to the successful completion of the research.

# 3.5 Questionnaire design

The construction of the questionnaire is very much oriented to fit the objectives of the study and conceptual framework, and is kept as short as possible in order to maximize the participation rate. In designing the questionnaire, a great deal of thought is given to its comprehensiveness and length. A short questionnaire with conceptually clear and concise statements is judged to be desirable for both the respondents and the researcher (Zikmund, 2000). With no obvious gains for the participants from cooperating in the research, it would not be reasonable to expect them to spend too much of their time completing the questionnaire. The exclusive use of closed questions was considered important to fulfill these aims. The questionnaire is nevertheless longer than is ideal.

The questionnaire consists of a series of questions and is divided into four main parts including (1) general information of consumer, (2) consumer behavior for decision making to buy coffee, (3) marketing strategies that effect decision making of consumer to buy coffee, (4) consumer suggestion. The questionnaire in English language is shown in appendix A and appendix B for Thai language. To ensure accuracy, the questionnaire has been developed through the following process:

1. Revision of academic literature, text, and research articles; and identification of the variable that relate to the study.

- 2. Drafting of questionnaire based on literature review, previous researches and interviews.
  - 3. Pre-testing to ensure the respondents understand the questionnaire.

#### 3.6 Data collection

The adjustments based on the analysis were made to the final data collection to ensure the manipulation would take effect and lead to a strong outcome. Collecting data by questionnaire was used for the sample group by random. The data was collected by the consumers who buy coffee from both of Thai and international brands in Chiang Mai province, Thailand.

# 3.7 Data analyzing

Calculation was used to measure reliability responses in both coffee brands. The data was further analyzed by factor analysis to assure the validity of the instrument and to determine patterns of items grouped by factors. The descriptive statistic is qualitative statistics describe about general collecting data such as frequency distribution, percentage, mean, and standard deviation. For hypothesis test, the researcher used independent sample t-tests (more detail see appendix c) for comparison of the difference between two independent variables and use one way ANOVA (more detail see appendix d) for comparison the difference between more than two variables.

Questionnaires with 5 point scale are used to measure respondents' evaluation of different determinants. Respondents are asked to value the degree of importance with statements in the questionnaire through a ranking from 5, 4, 3, 2, 1, where score of "5" means "very important" while score of "1" means "very unimportant". Questionnaire has the ruled to give the counter follow Likert scale;

| Score | Significant Level |
|-------|-------------------|
| 5     | Highest           |
| 4     | High              |
| 3     | Medium            |
| 2     | Low               |
| 1     | Lowest            |

According to Sinjaru (2007), this study follows the rules to measure the significance as follow:

| Score       | Significant Level |
|-------------|-------------------|
| 1.00 - 1.79 | Lowest            |
| 1.80 – 2.59 | Low               |
| 2.60 - 3.39 | Medium            |
| 3.40 – 4.19 | High              |
| 4.20 – 5.00 | Highest           |
|             |                   |

# **CHAPTER 4**

# DATA ANALYSIS AND DATA INTERPRETATION

In order to complete the study about "Marketing Strategy Comparison between Thai and international brands for Premium Coffee Business Case Study in Chiang Mai", 400 copies of questionnaires were distributed to coffee shops in Chiang Mai for data collection. For the first round of the questionnaire distribution only 320 copies were able to be collected back. In order to gain more reliable data, another 100 copies of questionnaires were distributed and 80 came back with complete answers. So, after the second questionnaire distribution, it was possible to collect the reliable data with 400 samples.

The main objectives of this research are not only to compare the marketing strategies for coffee business, it is also to find the trend to adapt the service activities to the customers' need in order to gain more customers' satisfaction. The data analysis contents are as followed;

- 4.1 General information about consumers.
- 4.2 Consumption behavior.
- 4.3 Marketing mix factors affecting purchase decision.
- 4.4 Statistical data analysis for hypothesis testing.

## 4.1 General information about consumers

Table 4.1 Frequency and percentage of sample group classified by sex

| Corr   |      | Brand         |      | Percentage    |  |
|--------|------|---------------|------|---------------|--|
| Sex    | Thai | International | Thai | International |  |
| Male   | 83   | 99            | 40.3 | 51.0          |  |
| Female | 123  | 95            | 59.7 | 49.0          |  |
| Total  | 206  | 194           | 100  | 100           |  |

From Table 4.1, it shows that most of the samples that have chosen Thai coffee brands are females (123 people or 59.7 percent) and males (83 people or 40.3 percent) accordingly. Also, the samples that have chosen to consume international coffee brands are mostly males (99 people or 51 percent) and female (95 people or 49.0 percent).

Table 4.2 Frequency and percentage of sample group classified by age

| Age                    |      | Brand         |      | rcentage      |
|------------------------|------|---------------|------|---------------|
|                        | Thai | International | Thai | International |
| 16-25 years old        | 69   | 100           | 33.5 | 51.6          |
| 26-35 years old        | 7    | 36            | 3.4  | 18.5          |
| 36-45 years old        | 76   | 52            | 36.9 | 26.8          |
| More than 45 years old | 54   | 6             | 26.2 | 3.1           |
| Total                  | 206  | 194           | 100  | 100           |

From table 4.2, it shows that the samples that have chosen Thai coffee brands majority aged between 36-45 years old which accounted for 76 people or 36.9 percent. Then, the

group aged between 16-25 years old accounted for 69 people or 33.5 percent and the more than 45 years of age group accounted for 54 people or 26.2 percent accordingly. This table also shows that the sample groups that have chosen to consume international coffee brands majority are 16-25 years old (100 people or 51.6 percent). The second ranked group and the third ranked group are the group that aged between 36-45 years old (52 people or 26.8 percent) and the group that aged between 26-35 years old (36 people or 18.5 percent), accordingly.

Table 4.3 Frequency and percentage of sample group classified by occupation

| Occupation                       |      | Brand         | Percentage |               |
|----------------------------------|------|---------------|------------|---------------|
| Occupation                       | Thai | International | Thai       | International |
| High school/college students     | 42   | 92            | 20.4       | 47.4          |
| Company employees                | 2    | 19            | 1.0        | 9.8           |
| Governments' officers            | 44   | 21            | 21.4       | 10.8          |
| Government corporation employees | 14   | 9             | 6.8        | 4.6           |
| Business owners                  | 35   | 20            | 17.0       | 10.3          |
| Employees/freelancers            | 67   | 17            | 32.5       | 8.8           |
| Other                            | 2    | 16            | 1.0        | 8.2           |
| Total                            | 206  | 194           | 100        | 100           |

From table 4.3, it shows that first; most of the samples that consume Thai coffee brands are employees/freelancers which accounted for 67 people or 32.5 percent. Meanwhile, the second position is for governments' officers which accounted for 44 people or 21.4 percent. Also, 42 people or 20.4% of the samples that consume Thai coffee brands are high school/college students. As for the group that consumes international coffee brands, mostly they are high school/college students which accounted for 92 people or 47.4 percent. Additionally, governments' officers (21 people or 10.8 percent) and business owners (20 people or 10.3 percent) consume international fresh roasted coffee ranked second and third group accordingly.

Table 4.4 Frequency and percentage of sample group classified by income

| Income (per month)   | Brand |               | Percentage |               |
|----------------------|-------|---------------|------------|---------------|
|                      | Thai  | International | Thai       | International |
| Less than 10,000 THB | 115   | 146           | 55.8       | 75.3          |
| 10,001-20,000 THB    | 63    | 30            | 30.6       | 15.5          |
| 20,001-30,000 THB    | 10    | 16            | 4.9        | 8.2           |
| More than 30,000 THB | 18    | 2             | 8.7        | 1.0           |
| Total                | 206   | 194           | 100        | 100           |

From table 4.4, Most of the samples which consume Thai coffee brands have income less than 10,000 THB per month (115 people or 55.8 percent). Second ranked group is the group that has the income between 10,001-20,000 THB per month (63 people or 30.6 percent) and the third ranked group is the group that has income more than 30,000 THB per month (18 people or 8.7 percent) accordingly. The samples which most consume international coffee brands mostly earn less than 10,000 THB per month (146 people or 75.3 percent). The second ranked group earns between 10,001-20,000 THB per month (30 people or 15.5 percent) and the third ranked group earn 20,001-30,000 THB per months (16 people or 8.2 percent) accordingly.

Table 4.5 Frequency and percentage of sample group classified by education

| Education             |      | Brand Perc    |      | rcentage      |
|-----------------------|------|---------------|------|---------------|
|                       | Thai | International | Thai | International |
| Less than high school | 25   | 8             | 12.1 | 4.1           |
| High school           | 77   | 81            | 37.4 | 41.8          |
| Bachelors degree      | 104  | 98            | 50.5 | 50.5          |
| Master degree         | 0    | 7             | 0.0  | 3.6           |
| Total                 | 206  | 194           | 100  | 100           |

From table 4.5, most of the samples that consume Thai coffee brands have highest education at bachelors degree (104 people or 50.5 percent), high school (77 people or 37.4 percent), less than high school (25 people or 12.1 percent) accordingly. Most of the samples that consume international coffee brands have highest education at bachelors degree (98 people or 50.5 percent), high school (81 people or 41.8 percent) and less than high school (8 people or 4.1 percent) accordingly.

# 4.2 Consumption behavior

Table 4.6 Frequency and percentage of sample group classified by frequency of consumption

| Frequency          |      | Brand         | Percentage |               |
|--------------------|------|---------------|------------|---------------|
|                    | Thai | International | Thai       | International |
| Everyday           | 105  | 75            | 51.0       | 38.7          |
| Every second day   | 42   | 10            | 20.4       | 5.2           |
| 4-5 times per week | 0    | 3 3           | 0.0        | 1.5           |
| 3-4 times per week | 0    | 6             | 0.0        | 3.1           |
| 2-3 times per week | 26   | 52            | 12.6       | 26.8          |
| Once per week      | 33   | 48            | 16.0       | 24.7          |
| Total              | 206  | 194           | 100        | 100           |

From table 4.6, most of the sample groups that consume Thai coffee brands drink coffee everyday (105 people or 51 percent). The second ranked group (42 people or 20.4 percent) drink coffee every second day. The third ranked group (33 people or 16.0 percent) drink coffee once per week. As for the sample groups that consume international coffee brands, mostly, at 38.7 percent (75 people) drink coffee everyday. The second ranked group (52 people or 26.8 percent) drink coffee 2-3 times per week. The third ranked group (48 people or 24.7 percent) drink coffee once per week.

Table 4.7 Frequency and percentage of sample group classified by preferred consumption time

| Time           |      | Brand Perce   |      | rcentage      |
|----------------|------|---------------|------|---------------|
|                | Thai | International | Thai | International |
| Morning        | 74   | 70            | 46.5 | 39.3          |
| During the day | 49   | 69            | 30.8 | 38.8          |
| Afternoon      | 9    | 9             | 5.7  | 5.1           |
| After meals    | 27   | 30            | 17.0 | 16.9          |
| Total          | 159  | 178           | 100  | 100           |

From table 4.7, the sample groups that drink Thai coffee brands mostly drink coffee in the morning (74 people or 46.5 percent). Second ranked group drink coffee during the day (49 people or 30.8 percent) then the third ranked group drink coffee after meals (27 people or 17.0 percent). As for the sample groups that drink international coffee brands, 70 people or 39.3 percent drinks coffee in the morning, 69 people or 38.8 percent drink coffee during the day and 30 people or 16.9 percent drinks coffee after meals accordingly.

Table 4.8 Frequency and percentage of sample group classified by preferred store

| Store           |      | Brand         | Percentage |               |
|-----------------|------|---------------|------------|---------------|
|                 | Thai | International | Thai       | International |
| Black Canyon    | 57   | 24            | 27.7       | 12.4          |
| Starbuck        | 8    | 56            | 3.9        | 28.9          |
| Baan Rai Ka Fae | 52   | 20            | 25.2       | 10.3          |
| Coffee World    | 50   | 52            | 24.3       | 26.8          |
| Doi Tung        | 21   | 22            | 10.2       | 11.3          |
| Other           | 18   | 20            | 8.7        | 10.3          |
| Total           | 206  | 194           | 100        | 100           |

From table 4.8, the sample groups that drink Thai coffee brands mostly go to Black Canyon (57 people or 27.7 percent). The second ranked group prefers Baan Rai Ka Fae (22 people or 25.2 percent). As for the sample groups that drink international coffee brands, 56 people or 28.9 percent choose Starbuck and 52 people or 26.8 percent choose Coffee World accordingly.

Table 4.9 Frequency and percentage of sample group classified by preferred coffee flavor

| Flavor                |      | Brand         | Percentage |               |
|-----------------------|------|---------------|------------|---------------|
|                       | Thai | International | Thai       | International |
| Cappuccino            | 128  | 115           | 62.1       | 59.3          |
| Mocha                 | 37   | 28            | 18.0       | 14.4          |
| Espresso              | 7    | 24            | 3.4        | 12.4          |
| Latte                 | 1    | 14            | 0.5        | 7.2           |
| Black Canyon's flavor | 19   | 0             | 9.2        | 0.0           |
| Old fashion coffee    | 13   | 13            | 6.3        | 6.7           |
| Other                 | 1    |               | 0.5        | 0.0           |
| Total                 | 206  | 194           | 100        | 100           |

From table 4.9, the sample groups that drink local Thai coffee brands mostly drink Cappuccino (128 people or 62.1 percent), 37 people or 18 percent drink Mocha, 19 people or 9.2 percent drink Black Canyon's flavor. As for the sample groups that drink international coffee brands, 115 people or 59.3 percent like to drink Cappuccino, 28 people or 14.4 percent like to drink Mocha and 24 people or 12.4 percent for Espresso.

Table 4.10 Frequency and percentage of sample group classified by reason for consumption

| Reason                   |      | Brand         | Percentage |               |  |
|--------------------------|------|---------------|------------|---------------|--|
| Reason                   | Thai | International | Thai       | International |  |
| Flavor                   | 82   | 70            | 18.8       | 17.8          |  |
| Aroma                    | 39   | 40            | 8.9        | 10.2          |  |
| Brand image              | 51   | 42            | 11.7       | 10.7          |  |
| To alert oneself         | 16   | 10            | 3.7        | 2.5           |  |
| Habit                    | 24   | 21            | 5.5        | 5.3           |  |
| Place of sell            | 8    | 11            | 1.8        | 2.8           |  |
| Price of the products    | 64   | 67            | 14.6       | 17.0          |  |
| Promotions               | 54   | 60            | 12.4       | 15.3          |  |
| Easy to buy              | 25   | 20            | 5.7        | 5.1           |  |
| Service                  | 28   | 25            | 6.4        | 6.4           |  |
| Variety of coffee        | 34   | 22            | 7.8        | 5.6           |  |
| People's recommendations | 12   | 5             | 2.7        | 1.3           |  |
| Total 2                  | 437  | 393           | 100        | 100           |  |

From table 4.10, most of the sample groups that drink Thai coffee brands choose their coffee according to the flavor (82 people or 18.8 percent), 64 people or 14.6 percent consider on the price of the products and 54 people or 12.4 percent consider on promotions. As for the sample groups that drink international coffee brands, 70 people or 17.8 percent choose the coffee from the flavor, 67 people or 17 percent choose from the price and 60 peoples or 15.3 percent choose from the promotion.

Table 4.11 Frequency and percentage of sample group classified by price per cup

| Price (per cup)   | 1    | Brand         |      | Percentage    |  |
|-------------------|------|---------------|------|---------------|--|
|                   | Thai | International | Thai | International |  |
| Less than 30 baht | 81   | 37            | 39.3 | 19.1          |  |
| 30-39 baht        | 60   | 75            | 29.1 | 38.7          |  |
| 40-49 baht        | 57   | 47            | 27.7 | 24.2          |  |
| 50-59 baht        | 0    | 1             | 0.0  | 0.5           |  |
| 60-69 baht        | 7    | 20            | 3.4  | 10.3          |  |
| 70-79 baht        | 0    | 4             | 0.0  | 2.1           |  |
| More than 79 baht | 1    | 10            | 0.5  | 5.2           |  |
| Total             | 206  | 194           | 100  | 100           |  |

Table 4.11, most of the sample groups that drink Thai coffee brands drink coffee that cost less than 30 baht per cup (81 people or 39.3 percent), 60 people or 29.1 percent drink coffee that cost between 30-39 baht per cup and 57 people or 27.7 percent drink coffee that cost between 40-49 baht per cup. As for the sample groups that drink international coffee brands, 75 people or 38.7 percent drink the coffee that cost between 30-39 baht per cup, 47 people or 24.2 percent drink coffee that cost between 40-49 baht per cup and 37 people or 19.1 percent choose to drink coffee that cost less than 30 baht per cup.

Table 4.12 Frequency and percentage of sample group classified by point of sale

| Point of sale                 | ]    | Brand         | Percentage |               |
|-------------------------------|------|---------------|------------|---------------|
|                               | Thai | International | Thai       | International |
| A convenience store           | 66   | 58            | 15.3       | 15.2          |
| Minimart at gas station       | 59   | 47            | 13.7       | 12.3          |
| Coffee shop at the restaurant | 70   | 64            | 16.2       | 16.8          |
| Shop at work place            | 53   | 38            | 12.3       | 10.0          |
| Kiosk in commercial areas     | 34   | 29            | 7.9        | 7.6           |
| Shop in commercial buildings  | 26   | 29            | 6          | 7.6           |
| Shop at tourist attraction    | 95   | 92            | 22         | 24.1          |
| Hotel                         | 28   | 24            | 6.5        | 6.3           |
| Total                         | 431  | 381           | 100        | 100           |

From table 4.12, most of the sample groups that drink Thai coffee brands choose to buy coffee within the tourist attraction area (95 people or 22 percent), 70 people or 16.2 percent choose to buy their coffee from the coffee shop at the restaurant and 59 people or 13.7 percent chose to buy coffee from the minimart at gas station. As for the sample groups that drink international coffee brands, 92 people or 24.1 percent choose to buy their coffee within the attraction area, 64 people or 16.8 percent choose to buy their coffee from the coffee shop at the restaurant and 58 people or 15.2 percent choose to buy their coffee from a convenience store.

Table 4.13 Frequency and percentage of sample group classified by preferred shop layout

| Chan Lavout                    |      | Brand         | Percentage |               |  |
|--------------------------------|------|---------------|------------|---------------|--|
| Shop Layout                    | Thai | International | Thai       | International |  |
| A place with air-conditions    | 131  | 129           | 63.6       | 66.5          |  |
| A place without air-conditions | 47   | 47            | 22.8       | 24.2          |  |
| An outdoor location            | 21   | 18            | 10.2       | 9.3           |  |
| Other                          | 7    | 0             | 3.4        | 0.0           |  |
| Total                          | 206  | 194           | 100        | 100           |  |

From table 4.13, most of the sample groups that drink Thai coffee brands prefer to drink their coffee at the place with air-conditions (131 people or 63.6 percent), 47 people or 22.8 percent prefer a place without air-conditions and 21 people or 10.2 percent prefer an outdoor location. As for the sample groups that drink international coffee brands, 129 people or 66.5 percent prefer a place with air-conditions, 47 people or 24.2 percent prefer a place without air-conditions and 18 people or 9.3 percent prefer outdoor location accordingly.

**Table 4.14** Frequency and percentage of sample group classified by people who have influenced on consumer's choice

| People who have influenced on |      | Brand         | Percentage |               |  |
|-------------------------------|------|---------------|------------|---------------|--|
| consumer's choice             | Thai | International | Thai       | International |  |
| Themselves                    | 13   | 12            | 5.9        | 6.1           |  |
| Family                        | 56   | 60            | 25.6       | 30.3          |  |
| Friend                        | 146  | 124           | 66.7       | 62.6          |  |
| Couples                       | 2    | 0             | 0.9        | 0.0           |  |
| Shop assistance               | 2    | 2             | 0.9        | 1.0           |  |
| Total                         | 219  | 198           | 100        | 100           |  |

From table 4.14, most of the sample groups that drink Thai coffee brands gave the answers that friends have influenced on their coffee drinking habit (146 people or 66.7 percent), 56 people or 25.6 percent went for family influence and 13 people or 5.9 percent decided to drink by themselves. As for the sample groups that international coffee brands, 124 people or 62.6 percent got the influence from their friends, 60 people or 30.3 percent got the influence from the family and 12 people or 6.1 percent decided to drink by themselves.

Table 4.15 Frequency and percentage of sample group classified by additional services required

| Additional services |                    | Brand | Pe   | rcentage      |
|---------------------|--------------------|-------|------|---------------|
| Additional services | Thai International |       | Thai | International |
| Magazine            | 4                  | 5     | 1.8  | 2.7           |
| Internet            | 159                | 138   | 71.3 | 75.8          |
| Music               | 60                 | 39    | 26.9 | 21.4          |
| Total               | 223                | 182   | 100  | 100           |

From table 4.15, most of the sample groups that drink Thai coffee brands would like to have an internet service in the coffee shop (159 people or 71.3 percent), 60 people or 26.9 percent prefer to have more present music at the coffee shop and 4 people or 1.8 percent would like to have more magazines provided. As for the sample groups that drink international coffee brands, 138 people or 75.8 percent would like to have an internet service, 39 people or 21.4 percent prefer more present music and 5 people or 2.7 percent prefer more magazines.

**Table 4.16** Frequency and percentage of sample group classified by promotional media that lead to the discovery of the shop

| Media -                | - 11               | Brand | Percentage |               |  |
|------------------------|--------------------|-------|------------|---------------|--|
| ivicuia                | Thai International |       | Thai       | International |  |
| Advice of other people | 62                 | 58    | 20.3       | 22.2          |  |
| Television             | 18                 | 12    | 5.9        | 4.6           |  |
| Magazine               | 12                 | 8     | 3.9        | 3.1           |  |
| Newspaper Internet     | 14                 | 17    | 4.6        | 6.5           |  |
| Internet               | 18                 | 12    | 5.9        | 4.6           |  |
| Brochure               | 45                 | 46    | 14.7       | 17.6          |  |
| Poster                 | 5                  | 5     | 1.6        | 1.9           |  |
| Selling point          | 132                | 103   | 43.1       | 39.5          |  |
| Total                  | 306                | 261   | 100        | 100           |  |

From table 4.16, most of the sample groups that drink Thai coffee brands said that they know the coffee shop from the selling point (132 people or 43.1 percent), 62 people or 20.3 percent know from the advice of other people and 45 people or 14.7 percent know the coffee shop from the brochure. As for the sample groups that drink international coffee brands, 103 people or 39.5 percent know from the selling point, 58 people or 22.2 know the coffee shop from the advice of other people and 46 people or 17.6 know from the brochure.

# 4.3 Marketing mix factors affecting purchase decision

Table 4.17 Marketing mix factors affecting purchase decision

| Maukating miv        | Mean |        | S    | .D.    | Significant |        |  |
|----------------------|------|--------|------|--------|-------------|--------|--|
| Marketing mix        | Thai | Inter. | Thai | Inter. | Thai        | Inter. |  |
| Product              | 3.79 | 2.32   | 0.45 | 0.56   | high        | low    |  |
| Price                | 3.22 | 2.58   | 0.81 | 0.75   | medium      | medium |  |
| Distribution channel | 3.28 | 2.45   | 0.78 | 0.47   | medium      | low    |  |
| Promotion            | 2.87 | 2.72   | 0.78 | 0.49   | medium      | medium |  |

From table 4.17, the sample group that preferred Thai brands gave high importance to product factors with a total average of 3.79. The next level with medium importance is the distribution channel with a total average of 3.28. Price factor has a medium importance with a total average of 3.22 and promotion factor has a medium importance with a total average of 2.87. The sample group that preferred international brands gave medium importance to promotion factors with a total average of 2.72. The next level with medium importance is the price factor with a total average of 2.58. The distribution channel was given low importance with a total average of 2.32.

 Table 4.18 Frequency and Mean of sample group classified by product

|                                      | Significant Level |      |        | -   |        | 44    |      |             |
|--------------------------------------|-------------------|------|--------|-----|--------|-------|------|-------------|
| Product                              | Highest           | High | Medium | Low | Lowest | Total | Mean | Significant |
| Aroma                                |                   |      |        |     |        |       |      |             |
| Thai                                 | 85                | 92   | 29     | 0   | 0      | 206   | 4.27 | High        |
| International                        | 5                 | 5    | 37     | 111 | 36     | 194   | 2.13 | Low         |
| Choice of various flavors            |                   |      |        |     |        |       |      |             |
| Thai                                 | 60                | 127  | 19     | 0   | 0      | 206   | 4.20 | High        |
| International                        | 0                 | 11   | 54     | 92  | 37     | 194   | 2.20 | Low         |
| Special in-house recipe              |                   |      |        |     |        |       |      |             |
| Thai                                 | 51                | 85   | 69     | 1   | 0      | 206   | 3.90 | High        |
| International                        | 0                 | 8    | 60     | 104 | 22     | 194   | 2.28 | Low         |
| Variety of latte arts                |                   |      |        |     |        |       |      |             |
| Thai                                 | 44                | 119  | 42     | 1   | 0      | 206   | 4.00 | High        |
| International                        | 16                | 47   | 24     | 81  | 26     | 194   | 2.72 | Medium      |
| Brand popularity                     |                   |      |        |     |        |       |      |             |
| Thai                                 | 18                | 44   | 69     | 75  | 0      | 206   | 3.02 | Medium      |
| International                        | 0                 | 7    | 54     | 105 | 28     | 194   | 2.21 | Low         |
| Container design                     |                   |      |        |     | 13     |       |      |             |
| Thai                                 | 64                | 64   | 68     | 1   | 9      | 206   | 3.84 | High        |
| International                        | 3                 | 2    | 76     | 73  | 40     | 194   | 2.25 | Low         |
| Product cleanliness                  |                   |      |        |     |        | 1     |      |             |
| Thai                                 | 16                | 96   | 93     | 1   | 0      | 206   | 3.62 | High        |
| International                        | 2                 | 17   | 29     | 93  | 53     | 194   | 2.08 | Low         |
| Choice of other food and drinks      |                   |      |        |     |        |       |      |             |
| Thai                                 | 68                | 38   | 71     | 29  | 0      | 206   | 3.70 | High        |
| International                        | 11                | 3    | 35     | 132 | 13     | 194   | 2.31 | Low         |
| Choice of own mix                    |                   |      |        |     |        |       |      |             |
| Thai                                 | 45                | 86   | 74     | 1   | 0      | 206   | 3.85 | High        |
| International                        | 8                 | 22   | 88     | 66  | 10     | 194   | 2.75 | Medium      |
| State of the art brewing machine and |                   |      |        |     |        |       |      |             |
| technique                            |                   |      |        |     |        |       |      |             |
| Thai                                 | 32                | 47   | 111    | 16  | 0      | 206   | 3.46 | Medium      |
| International                        | 3                 | 5    | 61     | 86  | 39     | 194   | 2.21 | Low         |
| Total Product                        |                   |      |        |     |        |       |      |             |
| Thai                                 |                   |      |        |     |        |       | 3.79 | High        |
| International                        |                   |      |        |     |        |       | 2.32 | Low         |

Table 4.18, the product had a high importance on the purchasing decision of the sample group that preferred a Thai brand with an average of 3.79 and for the sample group that preferred a international brand it had a low importance average of 2.32. For the sample group that preferred Thai brands, the factors that were given high importance, with their corresponding average, include: aroma 4.27, choice of various flavors 4.20, variety of latte arts 4.00, special inhouse recipe 3.90, choice of own mix 3.85, container design 3.84, choice of other food and drinks 3.70, product cleanliness 3.62. The factors that were given medium importance include: state of the art brewing machine and technique 3.46, brand popularity 3.02. For the sample group that preferred international brands, the factors with medium importance were: choice of own mix 2.75, variety of latte arts 2.72 and the factors with low importance were choice of other food and drinks 2.31, special in-house recipe 2.28, container design 2.25, brand popularity 2.21, state of the art brewing machine and technique 2.21, choice of various flavors 2.20, aroma 2.13, and product cleanliness 2.08.

Table 4.19 Frequency and Mean of sample group classified by price

|                                 |         | Signi | ficant | Level |        | _     |      | nt .        |
|---------------------------------|---------|-------|--------|-------|--------|-------|------|-------------|
| Price                           | Highest | High  | Medium | Low   | Lowest | Total | Mean | Significant |
| Right pricing                   |         | n     |        |       |        |       |      |             |
| Thai                            | 33      | 83    | 80     | 10    | 0      | 206   | 3.67 | High        |
| International                   | 1       | 55    | 72     | 38    | 28     | 194   | 2.81 | Medium      |
| Variety of pricing              |         |       |        |       |        |       |      |             |
| Thai                            | 16      | 51    | 92     | 38    | 9      | 206   | 3.13 | Medium      |
| International                   | 6       | 5     | 117    | 38    | 28     | 194   | 2.60 | Medium      |
| The effect of price on consumer |         |       |        |       |        |       |      |             |
| behavior                        |         |       |        |       |        |       |      |             |
| Thai                            | 24      | 33    | 72     | 42    | 35     | 206   | 2.85 | Medium      |
| International                   | 10      | 27    | 62     | 12    | 83     | 194   | 2.32 | Low         |
| Total Price                     |         |       |        |       | Jug-   |       |      |             |
| Thai                            |         |       |        |       | 3      |       | 3.22 | Medium      |
| International                   |         |       | Y      | 11.   | b      |       | 2.58 | Medium      |

Table 4.19, price has a medium importance on the purchasing decision of the sample group that prefer Thai brands with an average of 3.22 and for the group that prefer international brands it has a medium importance average of 2.58. For the sample group that preferred Thai brands the factors that had high importance was: right pricing 3.67. Factors of medium importance were: variety of pricing 3.13 and the effect of price on consumer behavior 2.85. For the sample group that preferred international brands that factors that had medium importance were: right pricing 2.81, variety of pricing 2.60 and for low importance it was the effect of price on consumer behavior 2.32.

Table 4.20 Frequency and Mean of sample group classified by distribution channel

|                                 |         | Sign | ificant | Level |        |       |      |             |
|---------------------------------|---------|------|---------|-------|--------|-------|------|-------------|
| Distribution Channel            | Highest | High | Medium  | Low   | Lowest | Total | Mean | Significant |
| Right location                  |         | 0    |         |       |        |       |      |             |
| Thai                            | 27      | 41   | 100     | 12    | 26     | 206   | 3.15 | Medium      |
| International                   | 0       | 9    | 92      | 61    | 32     | 194   | 2.40 | Low         |
| Wide distribution of franchises |         |      |         |       |        |       |      |             |
| Thai                            | 29      | 52   | 118     | 7     | 0      | 206   | 3.50 | High        |
| International                   | 2       | 29   | 104     | 37    | 22     | 194   | 2.75 | Medium      |
| Convenient parking space        |         |      |         |       |        |       |      |             |
| Thai                            | 28      | 46   | 92      | 40    | 0      | 206   | 3.30 | Medium      |
| International                   | 0       | 15   | 121     | 40    | 18     | 194   | 2.69 | Medium      |
| Comfortable seating             |         |      |         |       |        |       |      |             |
| Thai                            | 15      | 53   | 109     | 3     | 26     | 206   | 3.14 | Medium      |
| International                   | / 1     | 3    | 76      | 90    | 24     | 194   | 2.31 | Low         |
| Shop cleanliness                |         |      |         |       |        |       |      |             |
| Thai                            | 25      | 30   | 98      | 53    | 0 =    | 206   | 3.13 | Medium      |
| International                   | 1       | 6    | 81      | 75    | 31     | 194   | 2.34 | Low         |
| Good interior design            |         |      |         |       |        |       |      |             |
| Thai                            | 29      | 23   | 148     | 6     | 0      | 206   | 3.36 | Medium      |
| International                   | 0       | 7    | 19      | 113   | 55     | 94    | 1.89 | Low         |
| Proximity to workplace/home     |         |      |         |       |        |       |      |             |
| Thai                            | 25      | 53   | 127     | 1     | 0      | 206   | 3.50 | High        |
| International                   | 0       | 16   | 95      | 77    | 6      | 194   | 2.62 | Medium      |
| Polite employees                |         |      |         |       |        |       |      |             |
| Thai                            | 32      | 38   | 66      | 70    | 0      | 206   | 3.16 | Medium      |
| International                   | 5       | 18   | 74      | 82    | 15     | 194   | 2.57 | Medium      |
| Total Distribution Channel      |         |      |         |       |        |       |      |             |
| Thai                            |         |      |         |       |        |       | 3.28 | Medium      |
| International                   |         |      |         |       |        |       | 2.45 | Low         |

Table 4.20 Distribution channel has a medium importance on the purchasing decision of the sample group that preferred Thai brands with an average of 3.28 and for the group that prefer international brands it had a low importance average of 2.45. For the group that preferred Thai brands, the factors of high importance were: wide distribution of franchises 3.50 and proximity to workplace/home 3.50. Factors with medium importance were: good interior design 3.36, convenient parking space 3.30, polite employees 3.16, right location 3.15, comfortable seating 3.14, and shop cleanliness 3.13. For the sample group that preferred international brands, the factors of medium importance were wide distribution of franchises 2.75, convenient parking 2.69, proximity to workplace/home 2.62, and polite employees 2.57. Factors with low importance were: right location 2.40, shop cleanliness 2.34, comfortable seating 2.31, and good interior design 1.89.



Table 4.21 Frequency and Mean of sample group classified by promotion

|                                 |         | Signi | ficant | Level |        |       |      | =           |
|---------------------------------|---------|-------|--------|-------|--------|-------|------|-------------|
| Promotion                       | Highest | High  | Medium | Low   | Lowest | Total | Mean | Significant |
| Advertisement                   |         | n     |        |       |        |       |      |             |
| Thai                            | 17      | 19    | 58     | 82    | 30     | 206   | 2.57 | Medium      |
| International                   | 6       | 15    | 43     | 103   | 27     | 194   | 2.33 | Low         |
| Promotional programs            |         |       |        |       |        |       |      |             |
| Thai                            | 16      | 40    | 112    | 38    | 0      | 206   | 3.17 | Medium      |
| International                   | 0       | 20    | 89     | 51    | 34     | 194   | 2.49 | Low         |
| Fast service                    |         |       |        |       |        |       |      |             |
| Thai                            | 19      | 20    | 82     | 47    | 38     | 206   | 2.68 | Medium      |
| International                   | 0       | 19    | 35     | 111   | 29     | 194   | 2.23 | Low         |
| Product tasting                 |         |       |        |       | E.     |       |      |             |
| Thai                            | 14      | 10    | 85     | 22    | 75     | 206   | 2.35 | Low         |
| International                   | 5       | 22    | 80     | 59    | 28     | 194   | 2.57 | Medium      |
| Premium goods                   |         |       |        |       |        |       |      |             |
| Thai                            | 18      | 29    | 103    | 47    | 9      | 206   | 3.00 | Medium      |
| International                   | 9       | 32    | 107    | 29    | 17     | 194   | 2.93 | Medium      |
| Corporate social responsibility |         |       |        |       |        |       |      |             |
| Thai                            | 17      | 10    | 58     | 76    | 45     | 206   | 2.41 | Low         |
| International                   | 5       | 34    | 44     | 96    | 15     | 194   | 2.58 | Medium      |
| Environmental concerns          |         |       |        |       |        |       |      |             |
| Thai                            | 70      | 63    | 61     | 12    | 0      | 206   | 3.93 | High        |
| International                   | 86      | 23    | 63     | 19    | 3      | 194   | 3.88 | High        |
| Total Promotion                 |         |       |        |       |        |       |      |             |
| Thai                            |         |       |        |       |        |       | 2.87 | Medium      |
| International                   |         |       |        |       |        |       | 2.72 | Medium      |

Table 4.21, Promotional has medium importance on purchasing decision of the sample group that preferred Thai brands with an average of 2.87 and for the group that preferred international brands the importance is also at medium level with an average of 2.72. According to the sample group that preferred Thai brands the factor of high importance were: environmental concerns 3.93. Factors of medium importance were: promotional programs 3.17, premium goods 3.00, fast service 2.68, and advertisement 2.57. Factors of low importance were corporate social responsibility 2.41 and product tasting 2.35. For the group that preferred International brands the factors of high importance were: environmental concern 3.88. Factors of medium importance were: premium goods 2.93, corporate social responsibility 2.58 and product tasting 2.57. Factors of low importance were: promotional programs 2.49, advertisement 2.33 and fast service at 2.23.

## 4.4 Statistical data analysis for hypothesis testing

## 4.4.1 Marketing Mix

 ${
m H_0}$ : consumers of Thai and international coffee brands do not give varying importance to marketing mix

 $H_1$ : consumers of Thai and international coffee brands give varying importance to marketing mix

**Table 4.22** The result of Independent-sample t-test of consumer behavior classified by marketing mix

| Marketing Mix        | Sig.(2-tailed) | Std.Error |
|----------------------|----------------|-----------|
| Product              | 0.000*         | 0.051     |
| Price                | 0.000*         | 0.078     |
| Distribution channel | 0.000*         | 0.064     |
| Promotion            | 0.016*         | 0.065     |

Note: \* The mean difference is significant at the 0.05 level

From table 4.22, a t-test analysis with a 2-tailed significance level of 0.05 can be explained as followed. At 95% confidence interval, consumers of Thai and international coffee brands give varying importance to the four marketing mix namely: product, price, distribution channels and promotion.

# 4.4.2 Products

 $H_0$ : consumers of Thai and international coffee brands do not give varying importance to products

H<sub>1</sub>: consumers of Thai and international coffee brands give varying importance to products

Table 4.23 The result of Independent-sample t-test of consumer behavior classified by product

| Product  | Sig.(2-tailed) | Std.Error |
|--|----------------|-----------|
| Aroma  | 0.000*         | 0.077     |
| Choice of various flavors                      | 0.000*         | 0.071     |
| Special in-house recipe                        | 0.000*         | 0.075     |
| Variety of latte arts                          | 0.000*         | 0.098     |
| Brand popularity                               | 0.000*         | 0.085     |
| Container designs                              | 0.000*         | 0.093     |
| Product cleanliness                            | 0.000*         | 0.080     |
| Choice of other food and drinks                | 0.000*         | 0.097     |
| Choice of own mix                              | 0.000*         | 0.082     |
| State of the art brewing machine and technique | 0.000*         | 0.085     |

Note: \* The mean difference is significant at the 0.05 level

From table 4.23, a t-test analysis with a 2-tailed significance level of 0.05 can be explained as follows. At 95% confidence interval, consumers of Thai and international coffee brands give varying importance to the 10 product related attributes namely: aroma, choice of various flavors, special in-house formula, variety of latte arts, brand popularity, container designs,

product cleanliness, choice of other food and drinks, choice of own mix and state of the art brewing machine and technique.

#### 4.4.3 Price

 ${\rm H_0}$ : consumers of Thai and international coffee brands do not give varying importance to price

 $H_1$ : consumers of Thai and international coffee brands give varying importance to price

Table 4.24 The result of Independent-sample t-test of consumer behavior classified by price

| Price                                    | Sig.(2-tailed) | Std.Error |
|--|----------------|-----------|
| Right pricing                            | 0.000*         | 0.092     |
| Variety of pricing                       | 0.000*         | 0.092     |
| The effect of price on consumer behavior | 0.000*         | 0.126     |

Note: \* The mean difference is significant at the 0.05 level

From table 4.24, a t-test analysis with a 2-tailed significance level of 0.05 can be explained as followed. At 95% confidence interval, consumers of Thai and international coffee brands give varying importance to the 3 factors of price related attributes namely: right pricing, variety of pricing and the effect of price on consumer behavior.

## 4.4.4 Channels of distribution

 $H_0$ : consumers of Thai and international coffee brands do not give varying importance to channels of distribution

H<sub>1</sub>: consumers of Thai and international coffee brands give varying importance to channels of distribution

**Table 4.25** The result of Independent-sample t-test of consumer behavior classified by channels of distribution

| Channels of distribution        | Sig.(2-tailed) | Std.Error |
|---------------------------------|----------------|-----------|
| Right location                  | 0.000*         | 0.099     |
| Wide distribution of franchises | 0.000*         | 0.083     |
| Convenient parking space        | 0.000*         | 0.084     |
| Comfortable seating             | 0.000*         | 0.089     |
| Shop cleanliness                | 0.000*         | 0.087     |
| Good interior design            | 0.000*         | 0.074     |
| Proximity to workplace/home     | 0.000*         | 0.070     |
| Polite employees                | 0.000*         | 0.096     |

Table 4.25, a t-test analysis with a 2-tailed significance level of 0.05 can be explained as followed. At 95% confidence interval, consumers of Thai and international coffee brands give varying importance to the 8 channels of distribution namely: right location, wide distribution of franchises, convenient parking space, comfortable seating, shop cleanliness, good interior design, proximity to workplace/home, and polite employees.

## 4.4.5 Promotions

 $\mathrm{H}_{\mathrm{0}}$ : consumers of Thai and international coffee brands do not give varying importance to promotions

H<sub>1</sub>: consumers of Thai and international coffee brands give varying importance to promotions

Table 4.26 The result of Independent-sample t-test of consumer behavior classified by promotion

| Promotion                       | Sig.(2-tailed) | Std.Error |
|---------------------------------|----------------|-----------|
| Advertisements                  | 0.019*         | 0.101     |
| Promotional programs            | 0.000*         | 0.086     |
| Fast service                    | 0.000*         | 0.100     |
| Product tasting                 | 0.042*         | 0.109     |
| Premium goods                   | 0.474          | 0.094     |
| Corporate social responsibility | 0.107          | 0.105     |
| Environmental concerns          | 0.626          | 0.104     |

Table 4.26, a t-test analysis with a 2-tailed significance level of 0.05 can be explained as followed. At 95% confidence interval, consumers of Thai and international coffee brands give varying importance to the 4 promotional methods namely: advertisements, promotional programs, fast service and product tasting.

4.4.6 Consumer behavior and sex

H<sub>0</sub>: purchasing decision and sex are not different

H<sub>1</sub>: purchasing decision and sex are different

**Table 4.27** The result to comparison the different between consumer behavior and sex with ANOVA test

| Behavior   | Sex    |
|--|--------|
|  | Sig    |
| Frequency of consumption                                 | 0.098  |
| Preferred consumption time                               | 0.037* |
| Preferred store  | 0.018* |
| Preferred coffee flavor                                  | 0.780  |
| Reason for consumption                                   | 0.015* |
| Price per cup  | 0.000* |
| Point of sale  | 0.588  |
| Preferred shop layout                                    | 0.028* |
| People who have influenced choice                        | 0.973  |
| Additional services required                             | 0.705  |
| Promotional media that lead to the discovery of the shop | 0.560  |

Table 4.27, an ANOVA test with a significance level of 0.05 can be explained as followed. At 95% confidence interval, sex groups of consumers of Thai and international coffee brands give varying importance to the 5 factors namely: preferred consumption time, preferred store, reason for consumption, price per cup and preferred shop layout.

4.4.7 Consumer behavior and age

H<sub>0</sub>: purchasing decision and age are not different

H<sub>1</sub>: purchasing decision and age are different

**Table 4.28** The result to comparison the different between consumer behavior and age with ANOVA test

| Behavior   | Age    |
|--|--------|
|  | Sig    |
| Frequency of consumption                                 | 0.000* |
| Preferred consumption time                               | 0.785  |
| Preferred store  | 0.000* |
| Preferred coffee flavor                                  | 0.000* |
| Reason for consumption                                   | 0.702  |
| Price per cup  | 0.000* |
| Point of sale  | 0.806  |
| Preferred shop layout                                    | 0.000* |
| People who have influenced choice                        | 0.060  |
| Additional services required                             | 0.710  |
| Promotional media that lead to the discovery of the shop | 0.619  |

Table 4.28, an ANOVA test with a significance level of 0.05 can be explained as followed. At 95% confidence interval, age groups of consumers of Thai and international coffee brands make varying decisions on 5 factors namely: frequency of consumption, preferred store, preferred coffee flavor, price per cup and preferred shop layout.

4.4.8 Consumer behavior and occupation

H<sub>0</sub>: purchasing decision and occupation are not different

H<sub>1</sub>: purchasing decision and occupation are different

**Table 4.29** The result to comparison the different between consumer behavior and occupation with ANOVA test

| Behavior   | Occupation |
|--|------------|
|  | Sig        |
| Frequency of consumption                                 | 0.000*     |
| Preferred consumption time                               | 0.412      |
| Preferred store  | 0.000*     |
| Preferred coffee flavor                                  | 0.000*     |
| Reason for consumption                                   | 0.538      |
| Price per cup  | 0.000*     |
| Point of sale  | 0.502      |
| Preferred shop layout                                    | 0.000*     |
| People who have influenced choice                        | 0.127      |
| Additional services required                             | 0.161      |
| Promotional media that lead to the discovery of the shop | 0.535      |

Table 4.29, an ANOVA test with a significance level of 0.05 can be explained as followed. At 95% confidence interval, occupational groups of consumers of Thai and international coffee brands make varying decisions on 5 factors namely: frequency of consumption, preferred store, preferred coffee flavor, price per cup and preferred shop layout.

## 4.4.9 Consumer behavior and income

H<sub>0</sub>: purchasing decision and income are not different

H<sub>1</sub>: purchasing decision and income are different

**Table 4.30** The result to comparison the different between consumer behavior and income with ANOVA test

| Dahavion   | Income |
|--|--------|
| Behavior   | Sig    |
| Frequency of consumption                                 | 0.000* |
| Preferred consumption time                               | 0.261  |
| Preferred store  | 0.000* |
| Preferred coffee flavor                                  | 0.046* |
| Reason for consumption                                   | 0.511  |
| Price per cup  | 0.165  |
| Point of sale  | 0.133  |
| Preferred shop layout                                    | 0.000* |
| People who have influenced choice                        | 0.013* |
| Additional services required                             | 0.137  |
| Promotional media that lead to the discovery of the shop | 0.799  |

Table 4.30, an ANOVA test with a significance level of 0.05 can be explained as followed. At 95% confidence interval, income of consumers of Thai and international coffee brands make varying decisions on 5 factors namely: frequency of consumption, preferred store, preferred coffee flavor, preferred shop layout and people who have influenced choice.

4.4.10 Consumer behavior and education

H<sub>0</sub>: purchasing decision and education are not different

H<sub>1</sub>: purchasing decision and education are different

 Table 4.31 The result to comparison the different between consumer behavior and education with

 ANOVA test

| Behavior   | Education |
|--|-----------|
| Benavior   | Sig       |
| Frequency of consumption                                 | 0.011*    |
| Preferred consumption time                               | 0.092     |
| Preferred store  | 0.155     |
| Preferred coffee flavor                                  | 0.138     |
| Reason for consumption                                   | 0.161     |
| Price per cup  | 0.000*    |
| Point of sale  | 0.219     |
| Preferred shop layout                                    | 0.006*    |
| People who have influenced choice                        | 0.683     |
| Additional services required                             | 0.083     |
| Promotional media that lead to the discovery of the shop | 0.809     |

Table 4.31, an ANOVA test with a significance level of 0.05 can be explained as followed. At 95% confidence interval, occupational groups of consumers of Thai and international coffee brands made varying decisions on 3 factors namely: frequency of consumption, price per cup and preferred shop layout.

### **CHAPTER 5**

## **CONCLUSION AND SUGGESTIONS**

The objective of this research is to compare the marketing strategy between Thai and international brands for premium coffee business under customers' perspective: case study in Chiang Mai, Thailand. This research aims to study the consumer behavior in coffee business related to consumers' personal backgrounds. The research focuses on the factors namely; sex, age, occupation, income, education. The study on consumer behavior and marketing mix is also conducted as to plan the marketing strategy for coffee business entrepreneurs or anyone who is interested. The sample group of this research is 400 people in Muang district, Chiang Mai province, Thailand.

Data collecting tool that is used in this study is survey which especially built for this case purpose. After getting the information, the data is analyzed by using frequency, percentage, mean and using hypothesis test to assist in finding the relation between data by using Independent-sample t-test and Anova. The findings are presented in tables and descriptions.

### 5.1 Conclusion

#### 5.1.1 General information of people

There are 400 people surveyed, they can be classified into consumers of Thai brands which accounted for 206 people and the consumers of international brands which accounted for 194 people. Most of the sample group that choose to consume Thai brands are female which

qualification at bachelor degree which accounted for 104 people or 50.5 percent. Most of the sample group that choose to consume international brands are male which accounted for 99 people or 51 percent and 100 people or 51.6 percent aged between 16-25 years old. 92 people or 47.4 percent is high school/college students and have income below 10,000 THB per month at 75.3 percent. 98 people or 50.5 percent have highest education at bachelor degree.

### 5.1.2 Consumption behavior

Majority of the consumers of Thai brands drink coffee everyday which accounted for 105 people or 51 percent. 74 people of the people surveyed or 46.5 percent drink coffee in the morning. 57 people or 27.7 percent indicate that Black Canyon Coffee is their favorite brand and 128 people or 62.1 percent like cappuccinos and 82 people or 18.8 percent drink coffee because they like the taste of coffee. 81 people or 39.3 percent state that the price of the coffee that they prefer to pay for is below 30 THB per cup. 95 people or 22 percent tend to buy coffee at tourist attractions. 131 people or 63.6 percent state that they prefer the coffee shop that has air condition and 146 people or 66.7 percent of people surveyed state that friends have influence on their decisions about the coffee shop they choose. 159 people or 71.3 percent state that the additional service that they want from the coffee shop is the internet. Majority of the consumers (132 people or 43.1 percent) know the coffee shops from promotional activities at the selling points.

Additionally, most of the consumers of international brands drink coffee everyday (75 people or 38.7 percent). 70 people or 39.3 percent tend to drink coffee in the morning. 24 people or 12.4 percents state that they tend to buy coffee from the brand "Coffee World". 115 people or 59.3 percent like to drink cappuccinos. 70 people or 17.8 percent state that they tend to drink coffee because they like the taste of it. 75 people or 38.7 percent state that the price range that they would buy for coffee is 30-39 THB per cup. 92 people or 24.1 percent buy coffee at tourist attractions and 129 people or 66.5 percent like to buy coffee from the shop that has air conditions. 124 people or 62.6 percent state that friends have influence on their decisions of choosing the shop. 138 people or 75.8 percent suggest that they would like the coffee shop to have internet provide for customers. Additionally, majority of the consumers know the coffee shop from promotional activities at the selling points.

#### 5.1.3 Information about marketing mix

Marketing mix that has effect on the consumption decision of Thai brands are put in order of the level of importance; product factors, aroma, this factor has a high level of importance with a total average of 3.79. Distribution channels have a medium importance with a total average of 3.28 which wide distribution of franchises is the highest ranked factor. Also, pricing factors have a medium importance with a total average of 3.22 and the factor that consumer gave most importance to is right pricing. Marketing promotions have a medium importance with a total average of 2.87 and the most important factor that consumers gave importance to is environmental concerns.

Marketing mix that has effect on the consumption decision of international brands are put in order of the level of importance accordingly; marketing promotions have a medium importance with a total average of 2.72 and the most important factor that consumers gave importance to is environmental concerns. Pricing factors have a medium importance with a total average of 2.58 and the factor that consumer gave most importance to is right pricing. Distribution channels have a low importance with a total average of 2.45 which wide distribution of franchises is the highest ranked factor. Also, product factors have a low level of importance with a total average of 2.32 and the factor that consumer gave most importance to is choice of own mix.

## 5.1.4 Hypothesis test

The hypothesis was tested using an independent-sample T-test and ANOVA with a confidence interval of 95%. The hypotheses were; hypothesis 1 the perspectives of customers for Thai brands and International brands on marketing mix are different, hypothesis 2 the differences general information of customers in both brands is affected to the differences customer behavior in coffee business.

The analysis of comparative marketing mixes that effect on the consumption.

From the research, it is found that consumers give importance to the 4 factors namely; products, price, distribution channels and promotions. As for product factors, the consumer give importance to 10 factors namely; aroma, choice of various flavors, special in-house recipe, variety of latte arts, brand popularity, container design, product cleanliness, choice of other food and drinks, choice of own mix and state of the art brewing machine and technique. For the factors on

price, consumer give importance to 3 different factors namely; right pricing, variety of pricing, and the effect that pricing has on consumer behavior. For the factors on distribution channels, consumer give importance to 8 different factors namely; right location, wide distribution of franchises, convenient parking space, comfortable seating, shop cleanliness, good interior design, proximity to workplace/home and polite employees. Lastly, for the factors of promotions, consumers give importance to 4 different factors namely; advertisements, promotional programs, fast service and product tasting.

The analysis of customer buying behavior and personal factors.

A result of customer behavior analysis shows that with personal factor which related to sex can be classified into 5 issues which are preferred consumption time, preferred store, reason for consumption, price per cup and preferred shop layout. The factor that related to age can be classified into 5 issues namely; frequency of consumption, preferred store, preferred coffee flavor, price per cup, and preferred shop layout. The factors that related to occupation that make the difference consumption can be classified into 5 factors which are, frequency of consumption, preferred store, preferred coffee flavor, price per cup, and preferred shop layout. The factors that related to income that make the difference consumption can be classified into 5 factors which are, frequency of consumption, preferred store, preferred coffee flavor, preferred shop layout, and people who have influenced choice. The factors that related to education can be classified into 3 issues which are frequency of consumption, price per cup and preferred shop layout.

### 5.2 Discussion

### 5.2.1 Marketing mix that has effect on consumption.

Product factor: the sample group that preferred Thai brands gave product factor a high importance and the highest importance went to aroma followed by variety of flavors and variety of latte arts. The sample group that preferred international brands gave product factor a low importance and the highest importance went choice of own mix. The next level of importance went to variety of latte arts and choice of other food and drinks. When comparing the importance each group gave, it was found that at 95% confidence interval for product the groups gave

differing importance on 10 factors namely: aroma, choice of various flavors, special in-house recipe, variety of latte arts, brand popularity, container design, product cleanliness, choice of other food and drinks, choice of own mix and state of the art brewing machine and technique corresponds with theory of Cravens (1997) which states that a product is anything that is potentially valued by a target market for the benefits or satisfactions it provides, including objects, services, organizations, places, people, and ideas (p. 292). Lamb et al. (2000) state that the product includes not only the physical unit but also its package, warranty, after sale service, brand name, company image, value, and many other factors (p. 44) Also, Perreault et al. (2002) suggest that culture is the whole set of beliefs, attitudes, and ways of doing things of a reasonably homogeneous set of people shared by members of a society and transmitted from one generation to the next through socialization (p. 170). Moreover, Sakyabhinand (2005) states that study consumers' behavior in drinking green coffee in Bangkok metropolitan area has found that the consumers who drank green coffee because of preference its flavor and they often choose to drink a well known home product. Additionally, Sirisophar (2005) suggests that the study of attitude and behavior toward fresh coffee consumption star bucks store in Bangkok found that products factors were that aroma, scent of crush coffee seeds stirring with hot water and taste were the most important product attributes.

Price factor: the sample group that preferred Thai brands gave marketing mix a medium importance and the highest importance went to the right pricing. The next level of importance went to the variety of prices and the effect that pricing has on consumer behavior. The sample group that preferred international brands gave marketing mix medium importance and the highest importance went to the right pricing. The next level of importance went to the variety of prices and the effect that pricing has on consumer behavior. When comparing the importance each group gave, it was found that at 95% confidence interval for pricing the groups gave differing importance on 3 factors namely: right pricing, variety of pricing, and the effect that pricing has on consumer behavior which corresponds with theory of Cravens (1997) which states that customer reaction to alternative prices, the cost of the product, the prices of the competition and various legal and ethical factors establish the extent of flexibility management has in setting prices (p. 20). Also, Wright (1999) suggests that the prices charged for the product will be seen as part of the product and reflect the overall sense of value for money felt by the customer. Too high

or too low price will confuse customer perception of added value (p. 140). Lamb et al. (2000) state that price is an important competitive weapon and very important to the organization because price multiplied by the number of units sold equals total revenue for the firm (p. 44). Kotlor et al. (1998) state that a person's economic situation will affect product choice which is that a person can buy an expensive new sports car if he or she has enough disposable income, savings or borrowing power. Otherwise he or she might buy a lower priced model with fewer features, or not buy a new car at all (p. 182). Additionally, Sirisophar (2005) has carried out the study on attitude and behavior toward fresh coffee consumption star bucks store in Bangkok and it is found that Pricing was affordable

Distribution channels: the sample group that preferred Thai brands gave distribution channel a medium importance and the highest importance went to wide distribution of franchises followed by proximity to workplace/home and good interior design. The sample group that preferred international brands gave distribution channels a low importance and the highest importance went to wide distribution of franchises followed by convenient parking space and proximity to workplace/home. When comparing the importance each group gave, it was found that at 95% confidence interval for distribution channel the groups gave differing importance on 8 factors namely: right location, wide distribution of franchises, convenient parking space, comfortable seating, shop cleanliness, good interior design, proximity to workplace/home and polite employees which corresponds with theory of Wright (1999) which states that place of purchase is where and how the product is made available for sale will also reflect on the image of the product and so should compliment all the other elements of the product (p. 132). Moreover, Lamb et al. (2000) state that the goal of distribution is to make sure products arrive in usable condition at designated places when needed (p. 44). Furthermore, Cravens (1997) suggests that the choice of distribution channels influences buyers' positioning of the brand (p. 19). Hawkins et al. (2007) state that other meaning is that distribution is having the product available where target customers can busy it, is essential to success. Only in rare cases will customers go to much trouble to secure a particular brand (p. 21). Pelsmacker et al. (2005) study consumer preferences for the marketing of ethically labeled coffee. The consumers attach greatest importance to the distribution strategy of ethically labeled coffee. Also, Adamy (2006) has studied different brew: "eyeing a billion tea drinkers, star bucks pours it on in China; its big challenge: creating a new

taste for coffee, and charging top prices; wooing the 'Little Emperors'. The coffee giant is pursuing the second approach. It's trying to draw in Chinese customers with a new type of informal gathering place." Sirisophar (2005) has studied attitude and behavior toward fresh coffee consumption of star bucks store in Bangkok and found that distribution channels needed to be expanded to cover increasing demands for fresh coffee, or losing to substitute brands. Sakyabhinand (2005) has studied consumers' behavior in drinking green coffee in Bangkok metropolitan area. Most of the consumers liked to buy from a coffee shop in trade center and general shop such as shop in the office and petrol stations, etc.

Promotional factors: the sample group that preferred Thai brands gave promotional factor a medium importance and the highest importance went to the environmental concerns followed by promotional programs and premium goods. The sample group that preferred international brands gave promotional factor a medium importance and the highest important went to environmental concerns followed by premium goods and corporate social responsibility. When comparing the importance each group gave, it was found that at 95% confidence interval for promotional the groups gave differing importance on 4 factors namely: advertisements, promotional programs, fast service and product tasting which corresponds with theory of Wright (1999) which states that promotion includes personal selling, advertising, sale promotion, and public relations. These activities make up the promotion strategy, which performs an essential role in positioning products in the eyes and minds of buyers (p. 144). Also, Cravens (1997) suggests that promotion informs, reminds, and persuades buyers and others who influence the purchasing process (p. 20). Moreover, Kotlor et al. (1998: 182) state that motivation is a need that is sufficiently pressing to direct the person to seek satisfaction of the need (p. 182). Also, perception is the process by which people select, organize and interpret information to form a meaningful picture of the world (Kotlor et al., 1998, p. 182 and Mullins et al., 2005, p. 119). Pelsmacker et al. (2005) study consumer preferences for the marketing of ethically labeled coffee. Consumers prefer extra information on the package, in addition to a label. Out-of-shop promotion of the label and the type of brand are of minor importance. Sirisophar (2005) has studied attitude and behavior toward fresh coffee consumption of star bucks store in Bangkok and found that coupon was a necessary promotion tool which Starbucks neglected. Additionally, Sakyabhinand (2005) has studied consumers' behavior in drinking green coffee in Bangkok metropolitan area.

Perceiving information of drinking green coffee, consumers almost received from word of mouth and thought that this kind of information was the most effective for decision to drink green coffee.

## 5.3 Recommendations and Suggestions

## 5.3.1 Business Suggestions;

From the study to compare the marketing strategy between Thai and international brands for premium coffee business; we are able to know the general information about the consumers who drink coffee both of Thai brands and international brands, the marketing mix which influence buying pattern of consumers. The findings can be used in planning the marketing strategy as followed;

## 1. Overall Marketing Strategy

Coffee business has been very popular among Thai people nowadays. Furthermore, this business has tendency to grow in the future. However, it is expected that the competition in this business will increase intensely; hence, entrepreneurs in the business have to adjust their strategies to make their coffee shops more attractive to the people. In order to plan the right strategy, entrepreneurs have to compare the positions of their products to the market leader and study the buying behavior of the consumers. Also, the findings can be used in planning the position of the products to differentiate the products from other products in the market as to create the competitive opportunities to themselves which would lead to acquiring more market share and more consumers.

Firstly, product characteristics factors, from the study, it is found that basic characteristics of the products are different. The factors that the consumers give importance to are coffee aroma, choice of various flavors, special in-house recipe, variety of latte arts, brand popularity, container designs, product cleanliness, choice of other food and drinks, choice of own mix and state of the art brewing machine and technique. The production methods have to concern more on quality of the products and the ingredients have to be clean and safe to consume to prevent any harm to consumers health and any side effects. The invention on new recipe and the

practice of the making of latte arts are also important as to attract new customers. Also, research and development of new technology needs to be used to make the best of the products.

Secondly, from the study on pricing, it is found that the consumers of Thai and international coffee brands give varying importance to the 3 factors of price related attributes namely: right pricing, variety of pricing and the effect of price on consumer behavior. As for pricing strategy, entrepreneurs have to have high price elasticity for their products as to have the flexibility to adjust the price and make it consistence with the market price. Outsourcing is another way to reduce the cost of the production compared to other players in the market. Also, by reducing the price to lower than competitors helps increasing sales.

Thirdly, as for the channel of distributions, the consumers of Thai and international coffee brands give varying importance to the 8 channels of distribution namely: right location, wide distribution of franchises, convenient parking space, comfortable seating, shop cleanliness, good interior design, proximity to workplace/home and polite employees. Because the consumers who choose Thai brands give the importance on number of branches that the coffee shop can provide, so the entrepreneurs should have various channel of distributions in order to get to more consumers, easy access for the consumers and also help increasing the selling number. Furthermore, the cleanliness of the coffee shops, comfortable seats for the consumers and the decoration of the coffee shop are the parts that Thai brands should improve the quality in order to attract more consumers and also help to create a fair competing with the international brands.

Fourthly, promotions, the consumers of Thai and international coffee brands give varying importance to the 4 promotional methods namely: advertisement, promotional programs, fast service and product tasting. However, the consumers of Thai and international coffee brands do not give varying importance to the promotional methods namely: premium goods, corporate social responsibility, and environmental concerns. As the consumer of Thai brands rates the fast of services at medium state, so the entrepreneurs should improve their service to become faster in order to get larger number of consumers and also to increase the satisfaction of the consumers on Thai brands. For the consumers of international brands, the important of product tasting is at medium rate therefore this type of service should be added to create an opportunity to show the value of our products, indirect advertisements and also build up good

relationship between consumers and the brands which can lead frequent consumption of customers. Then the customer would change to be loyalty customers and they will then advice others to try the products. These are what the entrepreneurs should do for the survival of the business.

## 5.3.2 Suggestions for the next research,

For the next research the entrepreneurs of both Thai and international brands should study on the satisfactions of the consumer every 6 months in order to understand consumer needs because the consumer behavior can change all the time according to economic situation, social situations or politics. So the entrepreneurs should improve, adjust and carry on the policy in order to satisfy the consumer needs in every way. And also add more topics that were not included in this research or the comparison between others entrepreneurs within the same field in order to adjust the strategies for future management.

This research is completed by using the information from the surveys, which leads to limitations of this research. For better results in the next research both surveys and interviews should be used in order to create a better information interpretation and analysis, and the survey part should provided clear explanations and also people who complete the surveys can only give one answer to each question.

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# Questionnaire

"Marketing Strategy Comparison between Thai and International Brands for Premium Coffee Business under Customers' Perspective: Case Study in Chiang Mai, Thailand"

This questionnaire is a part of the study for the thesis of a Master's degree student in School of Management, Mae Fah Luang University. The objective of this questionnaire is only to collect the data for the Thesis. You will remain anonymous and your information will be kept secret. The data will only be used for the evaluation only. Please give the answers that best represent yourself and your coffee consumption as they are very important to the outcome

| Part 1        | General Information   |  |
|---------------|---|--|
| <u>Direct</u> | ion Please tick ✓ the answers that  | at fit you/your coffee consumption behavior most in the                  |
| pr            | ovided. Also, please write the addit  | tional information in the space provided (if needed).                    |
| 1.            | Sex Male  | Female   |
| 2.            | Age  16 – 25 years old  36 - 45 years old                                       | 26 - 35 years old more than 45 years old                                 |
| 3.            | Occupation  High school/college student  Governments' officers  Business owners | Company employees Government corporation employees Employees/freelancers |
|               | Unemployed  | Others   |

| 4.   | Income per month                       |  |
|------|--|--|
|      | Less than 10,000 THB                   | between 10,001-20,000 THB  |
|      | between 20,001-30,000 THI              | B more than 30,000 THB   |
| 5.   | Highest Education                      |  |
|      | Less than high school                  | High School  |
|      | Bachelors Degree                       | Master Degree  |
|      | Doctoral Degree                        |  |
| Part | <u>2</u> Consumption behavior          |  |
|      |  | at fit you/your coffee consumption behavior most in the  |
| _    |  |  |
| I    | provided. Also, please write the addit | tional information in the space provided (if needed).  |
|      |  |  |
| 6.   | How often do you drink coffee?         | The state of the s |
|      | Everyday                               | every second day   |
|      | 4-5 times per week                     | 3-4 times per week   |
|      | 2-3 times per week                     | once per week  |
|      | ) j                                    |  |
| 7.   | What time of day do you drink co       | offee? (Can have more than 1 answer)   |
|      | In the mornings                        | During the day   |
|      | In the evenings                        | After meals  |
|      | No specific time                       |  |
| 8.   | Which one of the following do yo       | ou choose to huy from?   |
| υ.   | Thai Brands                            | International Brands   |

| 9.  | In the past month, which coffee | shop you usually buy from? (Can have only 1 answer) |
|-----|---------------------------------|---|
|     | Thai Brands                     | International Brands                                |
|     | Black Canyon                    | Starbuck  |
|     | Baan Rai Ka Fae                 | Coffee World  |
|     | Doi Tung                        | Au Bon Pain   |
|     | Others                          | Others  |
|     |                                 |   |
| 10. | Which coffee flavor do you like | most? (Can have only 1 answer)                      |
|     | Cappuccino                      | Mocha   |
|     | Espresso                        | Blus Mountain                                       |
|     | Vienna                          | Latte   |
|     | Black Canyon's flavor           | Café Latte  |
|     | Maxican                         | Americano   |
|     | Rissetto                        | Thai old-fashion coffee                             |
|     | Others                          |   |
|     |                                 |   |
| 11. | Why do you drink coffee? (Can   | have more than 1 answer)                            |
|     | Flavor                          | Aroma   |
|     | Brand Image                     | To alert oneself                                    |
|     | Habit                           | Like the Coffee shop                                |
|     | Price                           | Promotions  |
|     | Easy to buy                     | Service   |
|     | Variety of coffee               | People's recommendation                             |
|     | Others                          |   |
|     |                                 |   |
| 12. | How much does the coffee that y | you buy normally cost? (Can have only 1 answer)     |
|     | less than 30 baht               | between 30-39 baht                                  |
|     | between 40-49 baht              | between 50-59 baht                                  |
|     | between 60-69 baht              | between 70-79 baht                                  |
|     | more than 80 baht               |   |

| 13.   | Where do you normally buy coffee from? (Can have more than 1 answer)                   |
|-------|--|
|       | Convenience Store Minimart at gas station  |
|       | Coffee shop at the restaurant Shop in work place                                       |
|       | Kiosk in commercial area  Shop in commercial building                                  |
|       | Shop at tourist attractions Hotel  |
|       | Others   |
|       |  |
| 14.   | What kind of coffee shop do you like?  |
|       | Indoor location with air-conditions  |
|       | Indoor location without air-conditions   |
|       | Outdoor location   |
|       | Others   |
|       |  |
| 15.   | Who has influence on your coffee consumption? (Can have more than 1 answer)            |
|       | Yourself Family  |
|       | Friends Partner/Spouse   |
|       | Sales assistance Others  |
|       | 15/1/2/  |
| 16.   | What is additional service you would like the coffee shop to have? (Can have more than |
| 1 ans | ver)   |
|       | Newspaper Magazines  |
|       | Internet service More present music  |
|       |  |
| 17.   | From which media do you know the coffee shop from? (Can have more than 1 answer)       |
|       | Other people's recommendations Radio   |
|       | Television Magazine  |
|       | Newspaper internet   |
|       | Brochure Poster  |
|       | Selling point Others   |

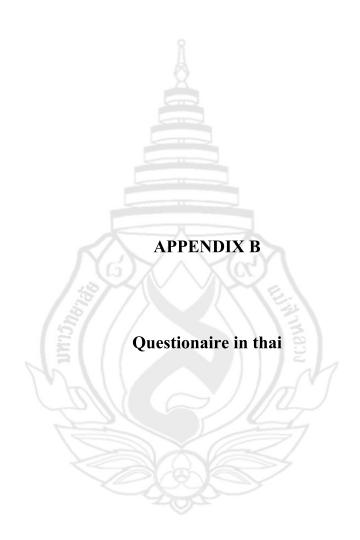
Part 3 Marketing mix factors affecting purchase decision

**Direction** Please rate your level of importance on the elements about coffee business's marketing mix by  $\times$  on choices that best describe your views on the particular aspects for both Thai and international coffee brands. If you only buy from one brand, you can also answer for the brand that you buy from.

| Å   | Lev    | el of im | portanc  | e that a | ffect   |
|---|--------|----------|----------|----------|---------|
| Question  |        | purc     | hase dec | cision   |         |
|   | Lowest | Low      | Medium   | High     | Highest |
|   | 1      | 2        | 3        | 4        | 5       |
| 1. Product  |        |          |          |          |         |
| 1.1 Aroma   | 1      | 2        | 3        | 4        | 5       |
| 1.2 Choice of various flavors                       | 1      | 2        | 3        | 4        | 5       |
| 1.3 Special in-house recipe                         | 1      | 2        | 3        | 4        | 5       |
| 1.4 Variety of latte arts                           | 1      | 2        | 3        | 4        | 5       |
| 1.5 Brand popularity                                | 1      | 2        | 3        | 4        | 5       |
| 1.6 Container design                                | 10     | 2        | 3        | 4        | 5       |
| 1.7 Product cleanliness                             | 1      | 2        | 3        | 4        | 5       |
| 1.8 Choice of other food and drinks                 | \$     | 2        | 3        | 4        | 5       |
| 1.9 Choice of own mix                               | 1      | 2        | 3        | 4        | 5       |
| 1.10 State of the art brewing machine and technique | 1      | 2        | 3        | 4        | 5       |
| 2. Price  |        |          |          |          |         |
| 2.1 Right pricing                                   | 1      | 2        | 3        | 4        | 5       |
| 2.2 Variety of pricing                              | 1      | 2        | 3        | 4        | 5       |
| 2.3 The effect of price on consumer behavior        | 1      | 2        | 3        | 4        | 5       |
| 3. Place/Distribution                               | •      |          |          |          |         |
| 3.1 Right location                                  | 1      | 2        | 3        | 4        | 5       |

|                                     | Lev               | el of im | _      |      | ffect   |  |  |  |
|-------------------------------------|-------------------|----------|--------|------|---------|--|--|--|
| Question                            | purchase decision |          |        |      |         |  |  |  |
|                                     | Lowest            | Low      | Medium | High | Highest |  |  |  |
|                                     | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 3.2 Wide distribution of franchises | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 3.3 Convenient parking space        | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 3.4 Comfortable seating             | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 3.5 Shop cleanliness                | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 3.6 Good interior design            | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 3.7 Proximity to workplace/ home    | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 3.8 Polite employees                | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 4. Promotions                       | M                 |          |        |      |         |  |  |  |
| 4.1 Advertisement                   | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 4.2 Promotional programs            | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 4.3 Fast service                    | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 4.4 Product tasting                 | 1                 | 27       | 3      | 4    | 5       |  |  |  |
| 4.5 Premium goods                   | 1                 | 2        | 3      | 4    | 5       |  |  |  |
| 4.6 Social responsibility           | 1                 | 7 2      | 3      | 4    | 5       |  |  |  |
| 4.7 Environmental concerns          | <b>1</b>          | 2        | 3      | 4    | 5       |  |  |  |

|  |  | suggesti |  |  |  |  |
|--|--|----------|--|--|--|--|
|  |  |          |  |  |  |  |
|  |  |          |  |  |  |  |
|  |  |          |  |  |  |  |
|  |  |          |  |  |  |  |
|  |  |          |  |  |  |  |
|  |  |          |  |  |  |  |



## แบบสอบถาม

# เรื่อง การเปรียบเทียบกลยุทธ์การตลาดระหว่างตราผลิตภัณฑ์กาแฟสดในประเทศไทยและ ตราผลิตภัณฑ์กาแฟสดต่างประเทศ

|    | 97  |     |    |
|----|-----|-----|----|
| 0  | 4   |     |    |
| คำ | าหา | llá | าง |

แบบสอบถามฉบับนี้เป็นส่วนหนึ่งของการทำวิทยานิพนธ์ในระดับปริญญาโทสาขาวิชาบริหารการ จัดการ มหาวิทยาลัยแม่ฟ้าหลวง การศึกษาในครั้งนี้มีวัตถุประสงค์เพื่อศึกษาข้อมูลเท่านั้น คำตอบของท่านมีคุณค่า อย่างยิ่งต่องานวิจัย ผู้วิจัยจะเก็บข้อมูลที่ได้รับจากท่านไว้เป็นความลับ โดยจะนำไปใช้เพื่อสรุปผลการวิจัยเป็น ภาพรวมเท่านั้น ข้อมูลที่ตรงกับความเป็นจริงและสมบูรณ์จะช่วยให้การวิจัยคำเนินไปด้วยความถูกต้อง ผู้วิจัยจึง ใคร่ขอความอนุเคราะห์จากท่าน โปรดตอบแบบสอบถามตามความคิดเห็นของท่านอย่างรอบคอบให้กรบทุกข้อ

| ใคร่ขอคา        | วามอนุเคร | ราะห์จากท่าน โปรคตอบแบ   | บสอบถาม       | มตามความคิดเห็นของท่านอย่างรอบคอ  | บให้ครบทุกข้อ |
|-----------------|-----------|--|---------------|---|---------------|
| <u>ตอนที่ 1</u> | ข้อมูลสถ  | านภาพทั่วไปของผู้ตอบแบร  | บสอบถาม       |   |               |
|                 |           | ส่เครื่องหมาย ✔ ลงใน<br>องว่างที่กำหนคถ้าเลือกตัวเล็                                 | $\overline{}$ | น้ำคำตอบที่ตรงกับสภาพความเป็นจริง<br>เๆ   | และกรุณากรอก  |
| 1.              | เพศ       | ชาย  | ่ ่า          | ŋĴv   |               |
| 2.              | อายุ      | ☐ 16 – 25 ปี<br>☐ 36 - 45 ปี   |               | 5 - 35 ปี<br>ากกว่า 45 ปี   |               |
| 3.              | อาชีพหลั  | กัก      นักเรียน / นักศึกษา      ข้าราชการ      เจ้าของกิจการ / นักธุร      ว่างงาน | กิจ           | พนักงานบริษัท     พนักงานรัฐวิสาหกิจ     รับจ้าง / ลูกจ้าง     อื่นๆ (โปรคระบุ) |               |
| 4.              | รายได้ต่  | อเคือนเฉพาะของท่าน   |               | 10,001 - 20,000 บาท<br>มากกว่า 30,000 บาท                                       |               |

| 5.              | วุฒิการศึกษาสูงสุด                      |                            |                                  |
|-----------------|---|----------------------------|----------------------------------|
|                 | 🦳 ต่ำกว่ามัธยมศึกษา                     | มัธยมศึเ                   | าษา                              |
|                 | <br>ปริญญาตรี                           | <br>ปริญญา                 | โท                               |
|                 | 🔲 ปริญญาเอก                             |                            |                                  |
|                 |   |                            |                                  |
| ตอนที่ <u>2</u> | ข้อมูลเกี่ยวกับพฤติกรรมการบริโภคกาแ     | ฟสดของผู้บริโภค            |                                  |
| <u>คำชี้แจง</u> | กรุณาใส่เครื่องหมาย 🗸 ลงใน 🗌            | ] หน้าคำตอบที่ตรงกั        | บกวามคิดเห็นของท่าน และกรุณากรอก |
| รายละเอีย       | ยคลงในช่องว่างที่กำหนคถ้าเลือกตัวเลือก  | ข้อนั้นๆ                   |                                  |
|                 |   |                            |                                  |
| 6.              | ความถี่ในการคื่มกาแฟสคของท่าน           |                            |                                  |
|                 | ทุกวัน                                  | วันเว้นว้                  | ั้น                              |
|                 | <br>สัปดาห์ละ 4 – 5 ครั้ง               |                            | ละ 3 – 4 ครั้ง                   |
|                 | <br>สัปคาห์ละ 2 – 3 ครั้ง               | สัปดาห์                    | ละครั้ง                          |
|                 |   |                            |                                  |
| 7.              | ท่านนิยมดื่มกาแฟสดในช่วงเวลาใด (ตอ      | บได้มากกว่า 1 ข้อ)         |                                  |
|                 | เช้า                                    | กลางวัน                    |                                  |
|                 | เข็น                                    | =<br> <br>  หลังรับประทานอ | าหาร                             |
|                 |   |                            |                                  |
|                 | 388                                     |                            | 3                                |
| 8.              | ท่านเลือกตราผลิตภัณฑ์ (แบรนด์ของร้าง    | น) แบบใคมากที่สุด          | وق                               |
|                 | ตราผถิตภัณฑ์ในประเทศ                    |                            | ตราผลิตภัณฑ์ต่างประเทศ           |
|                 | TMIT                                    |                            | 7 )                              |
| 9.              | ในช่วงเวลา 1 เดือนที่ผ่านมาท่านนิยมดื่ม | เกาแฟสคจากร้านใคม          | ากที่สุด (ตอบเพียง 1 ข้อ)        |
|                 | ตราผลิตภัณฑ์ในประเทศไทย                 |                            |                                  |
|                 | แบล็คแคนยอน                             |                            | ี สตาร์บัคส์                     |
|                 | <br>บ้านไร่กาแฟ                         |                            | ]<br>  คอฟฟี่เวิร์ล              |
|                 | <br>ดอยตุง                              |                            | ] โอบองแปง                       |
|                 | อื่นๆ (โปรคระบุ)                        |                            | ] อื่นๆ (โปรดระบุ)               |
|                 |   |                            | a • • •                          |

| 10. | ประเภทของกาแฟสดรสชาติใด ที่ท่านชอบดื่มมากที่สุด <b>(ตอบเพียง 1 ข้อ)</b> |
|-----|---|
|     | 🔲 คาปูชิโน 🔲 มอกค่า   |
|     | 🔲 เอสเปรสโซ่ 🔲 บลูเมาเท่น   |
|     | 🔲 เวียนนา 🔲 ลาเต้   |
|     | 🔲 แบล็คแคนยอน 🔲 คาเฟลาเต้   |
|     | 🔲 แม๊กซิกัน 🔲 อเมริกาโน่  |
|     | 🔲 ริสเทรสโต 🦳 กาแฟโบราณ   |
|     | 🔲 อื่นๆ (โปรดระบุ)  |
|     |   |
| 11. | เหตุผลในการตัดสินใจดื่มกาแฟสดของท่าน <b>(ตอบได้มากกว่า 1 ข้อ)</b>       |
|     | 🔲 ชอบรสชาติ 🦳 ชอบกลิ่นหอม   |
|     | 🔲 ชอบตราผลิตภัณฑ์ 🏻 🔲 กระตุ้นให้ตื่นตัวไม่ง่วง                          |
|     | 🔲 ติดเป็นนิสัย / เคยชิน 🔲 ชอบสถานที่จัดจำหน่าย                          |
|     | 🗌 ราคาเหมาะสม 🔲 ชอบการส่งเสริมการขาย                                    |
|     | 🗌 หาซื้อง่าย 🔲 การบริการ  |
|     | 🗌 กาแฟหลากหลาย 🔲 มีผู้แนะนำ   |
|     | 🔲 อื่นๆ (โปรดระบุ)  |
|     |   |
| 12. | ราคากาแฟสดต่อแก้วที่ท่านดื่มเป็นอย่างไร <b>(ตอบเพียง 1 ข้อ)</b>         |
|     | 🔲 ราคาต่ำกว่า 30 บาท 🔲 ราคา 30 - 39 บาท                                 |
|     | ราคา 40 – 49 บาท ราคา 50 – 59 บาท                                       |
|     | 🔲 ราคา 60 – 69 บาท 🔲 ราคา 70 – 79 บาท                                   |
|     | ราคามากกว่า 80 บาท  |
|     |   |
| 13. | โดยปกติท่านซื้อกาแฟสดที่ตั้งอยู่บริเวณใด <b>(ตอบได้มากกว่า 1 ข้อ)</b>   |
|     | 🔲 ห้างสรรพสินค้า 🔲 ปั๊มน้ำมัน   |
|     | 🔲 ร้านกาแฟสดในร้านอาหาร 🔲 ร้านค้าในสถานที่ทำงาน                         |
|     | 🔲 บูธข้างถนนในย่านการค้า 🏻 🔲 ร้านค้าในอาคารพาณิชย์                      |
|     | 🔲 สถานที่ท่องเที่ยว 💮 โรงแรม  |
|     | 🔲 อื่นๆ (โปรดระบุ)  |
|     |   |
| 14. | ท่านนิยมคื่มกาแฟสดในร้านรูปแบบใด  |
|     | 🔲 บริโภคในร้าน / ที่ติดแอร์ 💮 บริโภคในร้าน / ที่ไม่ติดแอร์              |
|     | 🔲 บริโภคนอกร้าน / ที่จัดโต๊ะเก้าอื่ใว้ 💮 อื่นๆ (โปรคระบุ)               |

| 15. | ใครมีส่วนร่วมในการตัดสินใจคื่มกาแฟล    | หดของท่าน ( <b>ตอบได้มากกว่า 1 ข้อ</b> ) |
|-----|--|--|
|     | 🦳 ตัวท่านเอง                           | ครอบครัว                                 |
|     | เพื่อน                                 | <br>คู่รัก                               |
|     | พนักงานขาย [                           | = อื่นๆ (โปรคระบุ)                       |
| 16. | ท่านต้องการให้มีบริการใดเพิ่มเติมในร้า | นกาแฟสด <b>(ตอบได้มากกว่า 1 ข้อ)</b>     |
|     | หนังสือพิมพ์                           | นิตยสาร                                  |
|     | 🔲 บริการอินเตอร์เน็ต [                 | ์ เพอง                                   |
| 17. | ท่านรู้จักร้านกาแฟสดจากสื่อประเภทใด    | (ตอบได้มากกว่า 1 ข้อ)                    |
|     | 🔲 มีผู้แนะนำ                           | วิทยุ                                    |
|     | 🔲 โทรทัศน์                             | นิตยสาร                                  |
|     | หนังสือพิมพ์                           | อินเตอร์เน็ต                             |
|     | แผ่นพับ                                | โปสเตอร์หน้าร้าน                         |
|     | กิจกรรม ณ จุคขาย                       | 🔲 อื่นๆ (โปรคระบุ)                       |
|     | UNISTANIES.                            | CC IIII III III III III III III III III  |

<u>ตอนที่ 3</u> ข้อมูลเกี่ยวกับปัจจัยทางการตลาดที่มีผลต่อพฤติกรรมการดื่มกาแฟสดของผู้บริโภค

คำชี้แลง ขอให้ท่านอ่านข้อความต่อไปนี้แล้วพิจารณาว่าท่านมีความคิดเห็นต่อข้อความนั้นอย่างไรโดยทำ
 เครื่องหมาย X ในช่องตัวเลือกที่ตรงกับความเห็นของท่านทั้งตราผลิตภัณฑ์ในประเทศไทย และตราผลิตภัณฑ์
 ต่างประเทศ หากท่านเคยใช้บริการเพียงตราผลิตภัณฑ์เดียว ท่านสามารถเลือกตอบเพียงตราผลิตภัณฑ์นั้นได้

|  |             | ความสำคัญต่อการตัดสินใจ |         |     |           |  |
|--|-------------|-------------------------|---------|-----|-----------|--|
| คำถาม  | น้อยที่สุด  | roe                     | ปานกลาง | มาก | มากที่สูด |  |
|  | 1           | 2                       | 3       | 4   | 5         |  |
| 1. ด้านผลิตภัณฑ์   |             |                         |         |     |           |  |
| 1.1 ความหอมของกาแฟ   | 1           | 2                       | 3       | 4   | 5         |  |
| 1.2 กาแฟสดมีให้เลือกหลากหลายรสชาติ                                   | 1           | 2                       | 3       | 4   | 5         |  |
| 1.3 สูตรเฉพาะของกาแฟสคที่แตกต่างจากที่อื่น                           | 1           | 2                       | 3       | 4   | 5         |  |
| 1.4 การแต่งหน้ากาแฟที่หลากหลาย                                       | 1           | 2                       | 3       | 4   | 5         |  |
| 1.5 ชื่อเสียงของตราผลิตภัณฑ์   | <b>7</b> 1\ | 2                       | 3       | 4   | 5         |  |
| 1.6 ความสวยงามของภาชนะบรรจุ  | 1           | 2                       | 3       | 4   | 5         |  |
| 1.7 ความสะอาดของผลิตภัณฑ์  | 1           | 2                       | 3       | 4   | 5         |  |
| 1.8 มีรายการอาหารและเครื่องคื่มอื่นด้วย                              | 1           | 2                       | 3       | 4   | 5         |  |
| 1.9 สามรถเลือกส่วนผสมได้เอง เช่น ครีมไร้มัน หรือกาแฟไม่<br>มีคาเฟอีน | 10          | 2                       | 3       | 4   | 5         |  |
| 1.10 อุปกรณ์และวิธีที่ใช้ในการชงกาแฟมีความทันสมัย                    | 1           | 2                       | 3       | 4   | 5         |  |
| 2. ด้านราคา  |             |                         | l       |     | l         |  |
| 2.1 ความเหมาะสมของราคา   | 1           | 2                       | 3       | 4   | 5         |  |
| 2.2 มีหลากหลายราคา   | 1           | 2                       | 3       | 4   | 5         |  |
| 2.3 ราคามีผลต่อพฤติกรรมการบริโภค                                     | 1           | 2                       | 3       | 4   | 5         |  |
| 3. ด้านสถานที่ / ช่องทางการจัดจำหน่าย                                |             |                         |         |     |           |  |
| 3.1 สถานที่ตั้งเหมาะสม   | 1           | 2                       | 3       | 4   | 5         |  |
| 3.2 สาขากระจายและครอบคลุมทั่วทุกพื้นที่                              | 1           | 2                       | 3       | 4   | 5         |  |
| 3.3 ที่จอครถสะควก  | 1           | 2                       | 3       | 4   | 5         |  |

| คำถาม  | ความสำคัญต่อการตัดสินใจ |     |         |     |           |  |
|--|-------------------------|-----|---------|-----|-----------|--|
|  | น้อยที่สุด              | ťog | ปานกลาง | มาก | มากที่สูด |  |
|  | 1                       | 2   | 3       | 4   | 5         |  |
| 3.4 ที่นั่งสะควกสบาย                               | 1                       | 2   | 3       | 4   | 5         |  |
| 3.5 ความสะอาดภายในร้าน                             | 1                       | 2   | 3       | 4   | 5         |  |
| 3.6 การจัดตกแต่งร้านสวยงาม                         | 1                       | 2   | 3       | 4   | 5         |  |
| 3.7 ใกล้ที่ทำงาน / ใกล้บ้าน                        | 1                       | 2   | 3       | 4   | 5         |  |
| 3.8 พนักงานบริการที่สุภาพเรียบร้อย                 | 1                       | 2   | 3       | 4   | 5         |  |
| 4. ด้านการส่งเสริมการตลาด                          | 1                       |     |         |     |           |  |
| 4.1 การโฆษณาในสื่อต่างๆ                            | 1                       | 2   | 3       | 4   | 5         |  |
| 4.2 รายการส่งเสริมการขาย เช่น คูปองส่วนลด บัตรสะสม | 1                       | 2   | 3       | 4   | 5         |  |
| แต้ม   |                         |     |         |     |           |  |
| 4.3 การบริการที่รวดเร็ว                            | 1                       | 2   | 3       | 4   | 5         |  |
| 4.4 การทคลองชิม                                    | 1                       | 2   | 3       | 4   | 5         |  |
| 4.5 มีการแจกของพรีเมี่ยม เช่น ชุดแก้วกาแฟ          | 1                       | 2   | 3       | 4   | 5         |  |
| 4.6 การช่วยเหลือสังคม                              | 1                       | 2   | 3       | 4   | 5         |  |
| 4.7 มีนโยบายอนุรักษ์สิ่งแวคล้อม                    | 1                       | 2   | 3       | 4   | 5         |  |

| 30. ข้อคิดเห็นและข้อเสนอแนะอื่นๆ        |  |
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#### INDEPENDENT SAMPLE T-TEST

#### Uses

Among the most frequently used t tests are:

- A test of whether the mean of a normally distributed population has a value specified in a null hypothesis.
- A test of the null hypothesis that the means of two normally distributed populations are equal. Given two data sets, each characterized by its mean, standard deviation and number of data points; we can use some kind of t test to determine whether the means are distinct, provided that the underlying distributions can be assumed to be normal. All such tests are usually called Student's t tests, though strictly speaking that name should only be used if the variances of the two populations are also assumed to be equal; the form of the test used when this assumption is dropped is sometimes called Welch's t test. There are different versions of the t test depending on whether the two samples are
- Unpaired, independent of each other (e.g., individuals randomly assigned into two groups, measured after an intervention and compared with the other group), or
- Paired, so that each member of one sample has a unique relationship with a particular member of the other sample (e.g., the same people measured before and after an intervention).

If the calculated p-value is below the threshold chosen for statistical significance (usually the 0.10, the 0.05, or 0.01 level), then the null hypothesis which usually states that the two groups do not differ is rejected in favor of an alternative hypothesis, which typically states that the groups do differ.

A test of whether the slope of a regression line differs significantly from 0.

Once a t value is determined, a p-value can be found using a table of values from Student's t-distribution.

# **Assumptions**

 Samples may be independent or dependent, depending on the hypothesis and the type of samples:

O Independent samples are usually two randomly selected groups

• Dependent samples are either two groups matched on some variable (for example, age) or are the same people being tested twice (called repeated measures)

Since all calculations are done subject to the null hypothesis, it may be very difficult to come up with a reasonable null hypothesis that accounts for equal means in the presence of unequal variances. In the usual case, the null hypothesis is that the different treatments have no effect — this makes unequal variances untenable. In this case, one should forgo the ease of using this variant afforded by the statistical packages.

One scenario in which it *would* be plausible to have equal means but unequal variances is when the 'samples' represent repeated measurements of a single quantity, taken using two different methods. If systematic error is negligible the effective population means for the two measurement methods are equal, but they may still have different levels of precision and hence different variances.

## **Calculations**

#### Independent two-sample t-test

## Equal sample sizes, equal variance

This test is only used when both:

- The two sample sizes (that is, the *n* or number of participants of each group) are equal;
  - It can be assumed that the two distributions have the same variance.

Violations of these assumptions are discussed below.

The t statistic to test whether the means are different can be calculated as follows:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{S_{X_1 X_2} \cdot \sqrt{\frac{2}{n}}}$$

where

$$S_{X_1X_2} = \sqrt{\frac{S_{X_1}^2 + S_{X_2}^2}{2}}$$

Here  $S_{X_1X_2}$  is the grand standard deviation (or pooled standard deviation), 1 = group one, 2 = group two. The denominator of t is the standard error of the difference between two means.

For significance testing, the <u>degrees of freedom</u> for this test is 2n - 2 where n is the number of participants in each group.

## Unequal sample sizes, unequal variance

This test is used only when the two sample sizes are unequal and the variance is assumed to be different. See also Welch's t test. The t statistic to test whether the means are different can be calculated as follows:

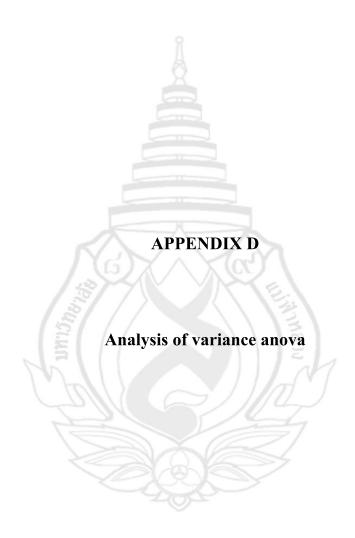
$$t=rac{\overline{X}_1-\overline{X}_2}{s_{\overline{X}_1-\overline{X}_2}}$$
 where

$$s_{\overline{X}_1 - \overline{X}_2} = \sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}$$

Where  $s^2$  is the <u>unbiased estimator</u> of the <u>variance</u> of the two samples, n = number of participants, 1 = group one, 2 = group two. Note that in this case,  $s\frac{2}{X_1} - \overline{X}_{2is}$  not a pooled variance. For use in significance testing, the distribution of the test statistic is approximated as being an ordinary Student's t distribution with the degrees of freedom calculated using

D.F. = 
$$\frac{(s_1^2/n_1 + s_2^2/n_2)^2}{(s_1^2/n_1)^2/(n_1 - 1) + (s_2^2/n_2)^2/(n_2 - 1)}.$$

This is called the Welch-Satterthwaite equation. Note that the true distribution of the test statistic actually depends (slightly) on the two unknown variances.



#### ANALYSIS OF VARIANCE: ANOVA

There are three conceptual classes of such models:

- 1. Fixed-effects models assumes that the data came from normal populations which may differ only in their means.
- 2. Random effects models assume that the data describe a hierarchy of different populations whose differences are constrained by the hierarchy.
  - 3. Mixed-effect models describe situations where both fixed and random effects are present.

In practice, there are several types of ANOVA depending on the number of treatments and the way they are applied to the subjects in the experiment:

- One-way ANOVA is used to test for differences among two or more independent groups. Typically, however, the one-way ANOVA is used to test for differences among at least three groups, since the two-group case can be covered by a T-test (Gossett, 1908). When there are only two means to compare, the T-test and the F-test are equivalent; the relation between ANOVA and t is given by  $F = t^2$ .
- One-way ANOVA for repeated measures is used when the subjects are subjected to repeated measures; this means that the same subjects are used for each treatment. Note that this method can be subject to carryover effects.
- When one wishes to test two or more independent groups subjecting the subjects to repeated measures, one may perform a factorial mixed-design ANOVA, in which one factor is a between-subjects variable and the other is within-subjects variable. This is a type of mixed-effect model.

## The F-test

The F-test is used for comparisons of the components of the total deviation. For example, in one-way, or single-factor ANOVA, statistical significance is tested for by comparing the F test statistic

$$F = \frac{\text{variance of the group means}}{\text{mean of the within-group variances}}$$

$$F^* = \frac{\text{MSTR}}{\text{MSE}}$$

where:

$$MSTR = \frac{SSTR}{I - 1}, I = \text{number of treatments}$$

and

$$\label{eq:MSE} \text{MSE} = \frac{\text{SSE}}{n_T - I_{,\,n_T = \, \text{total number of cases}}}$$

to the F-distribution with  $I-1,n_T$  degrees of freedom. Using the F-distribution is a natural candidate because the test statistic is the quotient of two mean sums of squares which have a chi-square distribution.

# **CURRICULUM VITAE**

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