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## Marketing Mix and Purchasing Behavior for Community Products at Traditional Markets

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### Abstract

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

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### 1. Introduction

Community products have played an important role in traditional markets in Bangkok, Thailand. For the last

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three or four decades, the globalization has mobilized Thailand into the modern era, bringing with it threats from modern trade practices as well as some liberalization laws and new regulations that promote foreign direct investment and free flow of labor, especially from ASEAN nations. With higher financial status, technological advancement, and management innovations, transnational corporations have posed a threat to Thai entrepreneurs, especially old-style retailers in traditional markets. Leading modern or large trade retailers from abroad have now expanded their branches around Bangkok, neighboring provinces, and all other provinces throughout Thailand. This is bound to affect modern consumers' purchasing behavior. High competition in this modern trade environment brings about a vulnerability to old-style retailers in traditional markets. Many times the effects were so critical that these old-style retailers often decide to close their businesses due to less and less customers. Unprofitability for these old-style retailers in traditional markets can be caused by many factors, for instance, changes of tastes and values towards community products, competition from imported products, consumers' modern lifestyle and purchasing behavior, and a lack of capability of old-style retailers to offer consumers more attractive retail prices and attractive marketing campaign (Kotler, 2003).

The abovementioned situation is important for end consumers who want cheaper prices and more variety of products, as well as in an expansion of local employment, yet long-term negative effects cannot be ignored. In reality, with a continuously higher number of local residents buying goods from modern trade and other franchised retailer corporations rather than from small single-owned groceries, will potentially create problems of dramatic income leakages and circular flow of income in the national economy (Santiwong, 1998).

From a historical perspective, Thai consumers started to understand the word 'market' in the ancient period as a place where selling and buying activities occurred for consumer goods in daily life both in the morning market and the evening market. Traditionally, a market in the sense of Thai consumers referred to retail trading which could occur on a river as well as on land markets. These traditional markets have a physical and emotional attachment to local consumers living in and nearby, and characterize Thai traditional ways in settling down. In terms of river or floating markets, the urbanization and environmental changes have transferred local traditional buying and selling along rivers and canals to land markets. Nevertheless, floating markets today are still been promoted by local authorities for the sake of promoting local community tourism (Rattanareuthai, 2006).

Sustaining community products and old-style retailers is a significant way to support and promote community products from local wisdoms. Moreover, Thailand as a whole can receive benefits from income generation throughout the country and from foreign currency earnings from exporting Thai community products. Traditional markets are significant as possible tourist attractions for both domestic and international tourists. Traditional markets together with old temples in Bangkok have become important tourist attractions. Floating markets, for example, could be perceived as representing the Thai traditional way of life and as producing local income.

In these regards, this study of marketing mix determinants and purchasing behavior for community products in traditional markets was aimed to provide a guideline for the benefit of local Thai entrepreneurs in improving or planning strategies in marketing their community products. Many traditional markets in Bangkok were selected for the study because these traditional markets offer a great variety of community products.

## **2. Review of Literature**

An expansion of world economics has been an important force that has driven business and industries, where to be more competitive; this has meant that employees, who are also consumers, spend more time at work earning the income to spend on goods and services and as a result consumer behavior has been changing. Consumer behavior can be defined as consumers' actions of purchasing goods and services for household and individual uses in order to satisfy their basic needs, where the individuals are involved in the process of making decision and exchanging money for goods and services (Serirat et al, 2000). Analyzing consumer behavior is to investigate the consumers' pattern of purchasing, consuming, and using, both at an individual and organizational levels of consumers. In order to comprehend the main characteristics of demand, selecting, purchasing and consuming, and to examine antecedents of consumer satisfaction, it is vital to understand their behavior. Marketing strategies are the result of the consumer behavior's investigations, which assist marketers in satisfying consumers. The 5Ws and 1H including who, what, where, when, why and how, were designed to investigate the 7 characteristics regarding consumer behavior and to analyze potential responsive marketing strategies for distribution and promotion. Product mix,

however, can be categorized into 1) convenience goods; 2) shopping goods; 3) specialty goods; and 4) unsought goods. Price means a value that will purchase a finite quantity, weight, or other measure of a good or service (Santiwong, 1997). Pricing depends on the firm’s average cost and on the customer’s perceived value of the product in comparison to his or her perceived value of competing products. Thus, a strategic decision on pricing should place a consideration on 1) customers’ higher level of acceptance of product value rather than the price itself; 2) costs and other expenses; 3) market competition; and 4) other factors. Place or channel of distribution composes the systematic activities of product launching and distributing from sources of production to sources of consumption. Place consists of 2 parts: 1) channel of distribution, meaning the path through which goods and services travel from the vendor to the consumer or payments for those products to travel from the consumer to the vendor, thus producer, intermediaries and consumers all play in this process; and 2) market logistics, meaning activities involved in moving goods from the vendor to the consumer, thus this process concerns transportation, storage, warehousing and inventory management. Lastly, promotion is defined as an act of using several different types of communication in exchanging information between sellers and buyers in order to create positive attitudes and buying behavior, to support marketing goals. Communication can be done through personal and non- personal selling, and integrated marketing communication. Advertising, personal selling, sales promotion, publicity and public relations and direct marketing including online marketing are the 5 aspects of the promotional mix.

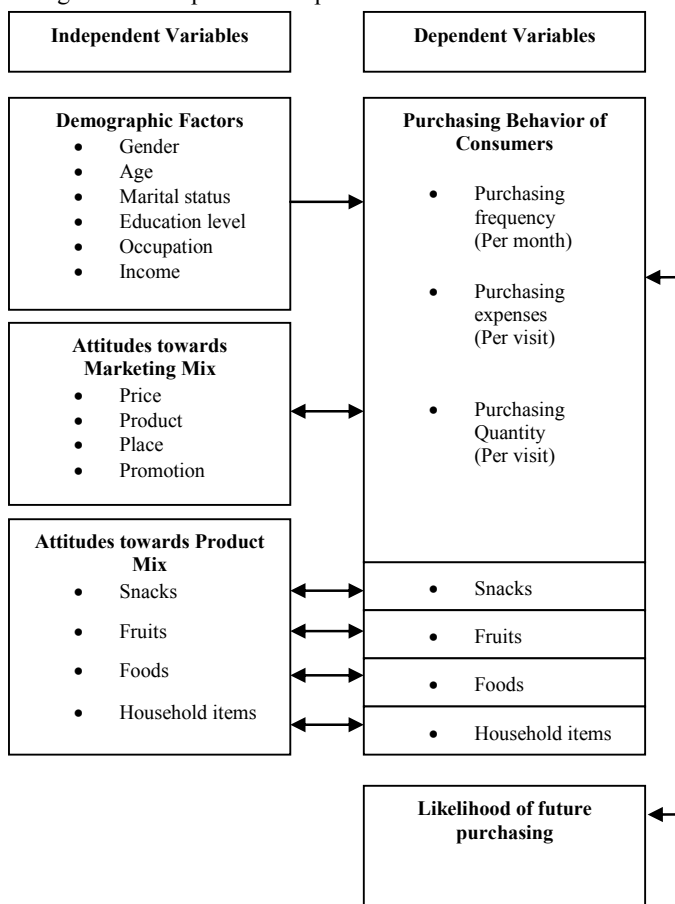


Fig. 1 Conceptual Framework

### 3. Methodology

The objectives of this research paper were to study the differences of purchasing behavior of consumers at traditional markets in Bangkok by gender, age, marital status, educational level, occupation and income; to investigate correlations between the marketing mix determinants and consumers' purchasing behavior; to investigate correlations between product mix determinants and consumers' purchasing behavior; and to investigate correlations between consumers' purchasing behavior and their likelihood of future purchasing. The population for this research was the consumers who regularly purchased goods and services at traditional markets. In terms of statistical analysis, probability sampling was designed due to the fact that the population number was unknown; therefore systematic random sampling was utilized (Yamane, 1967). A total of 400 samples were collected in one month, in which 200 samples were collected during the weekdays and another 200 samples were collected during the weekend, both from 05.00 -08.00 AM and 19:00 -21:00 PM.

### 4. Findings

The demographic findings revealed that female respondents were the majority, with the age between 31- 40 years old and having a married status. A high-school education was reported from the majority, whereas most of the respondents were either company employees or government officials with an average monthly salary below or equal to 15,000 Baht. The marketing mix determinants in the respondents' purchasing behaviour had a high influence both by overall and by the different determinants which included price, product, promotion and place. The overall performance of the product mix that determined the purchasing behaviour was very good, whereas with the attitudes towards the product, it was found that snacks were reported as highly influencing factor; and household items, fruits and foods were also influencing factors. In regards to the frequency of the respondents' buying, it was found that they bought goods from traditional market 3-4 times each week, about 5-10 items per visit, and with an average expense of 300 Baht per visit. The uniqueness of goods was observed to be more than that of modern supermarket, which thus became the major motivation of deciding to shop at traditional market. The respondents preferred to shop at traditional market at dawn during 05.00 am - 06.00 am to get some foods for daily consumption. Mostly, the respondents received the information about traditional markets from traditional media such as radio and word of mouth. The likelihood of future purchasing and words of mouth revealed a positive direction, meaning that the respondents were likely to come back to shop at the traditional market and to make recommends to friends and family members. Finally, the findings revealed that an increase of income would probably be a determinant for a higher shopping frequency.

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

The marketing mix elements as determinants of the respondents' purchasing behaviour presented price, product and place correlating with purchasing goods at traditional Market and the purchasing frequency (1 time per 3 months) at a significance of 0.01 and 0.05 respectively. The finding pertaining to the respondents' attitude towards the price and product revealed a correlation with the purchasing expense (Baht per visit), at a significance of 0.01 and 0.05 respectively.

### 5. Discussion

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

had significantly different buying behavior in terms of buying expenses per visit.

Moreover, the consumers' positive attitudes towards prices of goods at Traditional Market were reported in terms of quality of goods, value-to-money with quantity, price bargaining and standard pricing. In regards to the sellers and place elements of the market, it was found that the consumers considered grooming and manners of the sellers, as well as the market's location and environment. The frequency of 1 time per 3 months of shopping at the market gave a considerable implication that positive attitude formed by consumers towards the marketing mix of price, sellers and place could determine a higher frequency level of buying. This coincided with the findings of many previous findings which revealed that consumers' attitudes toward price and place had a correlation with the buying frequency per week.

There was a correlation between the consumers' buying expenses and their positive attitudes towards the price of goods in terms of quality, value-to-money with quantity, price bargaining and standard pricing, the grooming and manners of the sellers, and towards the market's orderliness of the surrounding including the parking zone and location. This implied that higher average buying expenses were influenced by how consumers felt about the marketing mix of price, product and place. Many research findings found that the customers' satisfaction towards their purchasing affected their likelihood to come back to purchase at the same shop or the same market again as well as willing to recommend it to others. In the case of the traditional market, the fact that the customers tended to come back to purchase or shop again and to recommend the market to others could be a result of their satisfaction towards their purchasing.

The analysis of a correlation between the consumers' purchasing behavior and their likelihood of future buying in terms of revisiting to shop at the market, recommending others and more frequent shopping in the case of receiving a higher income brought about some significant aspects of discussion. The findings could be discussed that the consumers' higher frequency level of purchasing goods at traditional market determined the likelihood of future purchasing, revisiting to shop at the traditional market, recommending others and more frequent shopping in case of receiving higher income. This agreed with many previous researches which reported a significant relationship between the frequency of purchasing and the likelihood of regular visits to shop at traditional market in the future and of recommending others to do so.

Finally, there was an important implication from the finding of the correlation between the consumers' average purchasing expenses and the likelihood of future visits to shop at the market in case of receiving higher income. In that the more money consumers spent shopping at the market, the more frequent the visits and the more spending if there would be an increase in income.

## 6. Future Studies

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

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