

CHAPTER TWO

REVIEW OF LITERATURE

This chapter reviews theories on marketing mix, marketing communication, customer behavior, and related studies.

2.1 **MARKETING MIX**

Kotler (2003) said that marketing mix is the set of marketing tools that a firm uses to pursue its marketing objectives in the target market.

According to McCarthy (1960), the four Ps of the marketing mix are product, price, place and promotion.

Product: An object or a service that is mass produced or manufactured on a large scale with a specific volume of units. A product can be tangible or intangible. It includes not only the physical product or core service but also complementary components such as packaging or warranty.

Price: Price is the amount a customer pays for the product. It is determined by a number of factors including market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product.

Place: Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet.

Promotion: Promotion represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements - advertising, public relations, word of mouth and point of sale. A certain amount of crossover occurs when promotion uses the four principal elements together, which is common in film promotion. Advertising covers any communication that is paid for, from television and cinema commercials, radio and Internet adverts through print media and billboards. One of the most notable means of promotion today is the Promotional Product, as in useful items distributed to targeted audiences with no obligation attached. This category has grown each year for the past decade while most other forms have suffered. It is the only form of advertising that targets all five senses and

has the recipient thanking the giver. Public relations is where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is any apparently informal communication about the product by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often play an important role in word of mouth and Public Relations

Promotion mix, also called the marketing communications mix, consists of four major tools: advertising, sales promotion, publicity, and personal selling.

Advertising: Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.

Sales promotion: Sales promotion is short-term incentives to encourage purchase or sales of a product or service, such as specialties, premiums, free merchandise, coupons, cash refund offers, price pack, discount.

Publicity: Publicity is non-personal stimulation of demand for a product, service, or business unit by planting commercially significant news about it in a published medium or obtaining favorable presentation of it upon radio, television, or stage that is not paid for by sponsor.

Personal selling: Personal selling is oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales.

2.2 MARKETING COMMUNICATIONS

Marketing Communications are the process to convey messages about marketing activity to create awareness, understanding, and acceptance between business and consumers. They aim to increase sales, and create customer loyalty. Marketing communication activities comprise advertising, public relations, sales promotion and direct marketing. (Kotler & Armstrong, 2008)

Now, marketing communications are developed into Integrated Marketing Communication, IMC, which is more efficient. IMC is the combination of media: mass-media advertising, personal selling, sales promotion, public relations, direct marketing, packaging, etc. to spread news which is clear, consistent, and compelling about the organization and product. (Kotler & Armstrong, 2008)

The media are the channels of communication through which advertising reaches its target markets. The major media are television and radio broadcasting, newspapers, magazines, outdoor billboards, and direct mails. The media decision depends on finding out which of these channels will be most efficient at both reaching and attracting the attention of your prospects. There are literally thousands of television and radio stations and many more magazines, newspapers, and other media available, and no one can afford the shotgun approach of buying into all of them. (Haskins & Kendrick, 1991)

Wells, Burnett, and Moriarty (1995) found that media planning is a problem-solving process that translates marketing objectives into a series of strategic decisions. The ultimate goal is to place the advertising message before a target audience. The planning decisions involved include: which audiences to reach, where (geographic emphasis), when (timing), for how long (campaign length), and how intense (frequent) the exposure should be.

2.3 CONSUMER BEHAVIOR

2.3.1 Consumer Buying Behavior

Buying Behavior is the decision processes and acts of people involved in buying and using products. There are five stages to the consumer buying decision process. Actual purchasing is only one stage of the process. Not all decision processes lead to a purchase. All consumer decisions do not always include all five stages, determined by the degree of complexity. The five stages are problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation (Kotler, 2003).

During problem recognition, the consumer recognizes a problem or need that could be satisfied by a product in the market. Once the problem is recognized, the consumer is stimulated to seek more information and moves into the information search stage. After getting information, the consumer compares and chooses the product or brand. Then, the consumer makes a purchase decision and actually buys

the product. Lastly, the post-purchase stage, the consumers take action based on satisfaction or dissatisfaction (Kotler, 2003).

2.3.2 Factors that Affect the Consumer Buying Decision Process

According to Kotler and Armstrong (2008), a buying decision of consumer is affected by the following four factors: cultural factor, social factor, personal factor, and psychological factor.

Cultural factors: Culture is the most basic determinant of a person's wants and behavior. It includes the basic values, perceptions, preferences and behaviors that a person learns from family and other institutions. Culture refers to the set of values, ideas, and attitudes that are accepted by a homogenous group of people and transmitted to the next generation. Culture also determines what is acceptable with product advertising. Culture determines what people wear, eat, reside and travel.

Social Factors: Consumer wants, learning, motives, etc. are influenced by opinion leaders, families, reference groups, and social class.

Opinion leaders: Marketers try to attract opinion leaders. That is they actually use spokespeople to market their products.

Roles and family influences: People have many roles such as husband, father, employer, and employee. Individual roles are continuing to change therefore marketers must continue to update information. Family is the most basic group a person belongs to. Marketers must understand that many families' decisions are made by the family unit, consumer behavior starts in the family unit, family roles and preferences are the model for children's future family, family buying decisions are a mixture of family interactions and individual decision making, and family acts as interpreter of social and cultural values for the individual.

Reference Groups: An individual identifies with the group to the extent that he takes on many of the values, attitudes or behaviors of the group members. Reference groups can be families, friends, civic and professional organizations or any group that has a positive or negative influence on a person's attitude and behavior.

Social Class: an open group of individuals who have similar social ranks. Social class influences many aspects of our lives. Social class determines to some extent, the types, quality, and quantity of products that a person buys or uses. Lower class people tend to stay close to home when shopping; do not engage in much pre-purchase information gathering.

Personal factors: They are unique to a particular person. the consumer's age, sex, race, life-cycle stage, occupation, economic circumstances, lifestyle, personality, and other personal characteristic influence his or her buying decisions.

Psychological factors: Psychological factors include motivation, perception, learning and beliefs and attitudes.

Motivation is an internal energizing force that orients a person's activities toward satisfying a need or achieving a goal. Actions are affected by a set of motives, not just one. If marketers can identify motives then they can better develop a marketing mix.

Perception is the process of selecting, organizing and interpreting information inputs to produce meaning. Information inputs are the sensations received through sight, taste, hearing, smell and touch. Perception takes place in many ways:

Selective Exposure-Select inputs to be exposed to our awareness. More likely if it is linked to an event, satisfies current needs, intensity of input changes

Selective Distortion-Changing/twisting current received information, inconsistent with beliefs

Selective Retention-Remembering inputs that support beliefs, forget those that don't. Interpreting information is based on what is already familiar, on knowledge that is stored in the memory.

Wilbur (1973) found that the important factors affecting selective exposure of the receiver are experience, usefulness of information, background of the receiver, education, social status, ability to get information, personality, mood, and attitude. Furthermore, the relationship between the receiver and information is another factor influencing selective exposure. The receivers want to know the information of their

interest. The information should be utilizable, consistent, and available. Curiosity is part of human nature. New experience or new things will enhance the consumer to be exposed to or get more information.

Learning changes in a person's behavior caused by information and experience. Therefore, to change consumer behavior about your product, you need to give them new information. When making buying decisions, buyers must process information. *Knowledge* is the familiarity with the product and expertise. Inexperienced buyers often use prices as an indicator of quality more than those who have knowledge of a product. *Learning* is the process through which a relatively permanent change in behavior results from the consequences of past behavior.

An individual learns attitudes through experience and interaction with other people. Consumer attitudes toward a firm and its products greatly influence the success or failure of a marketing strategy. Attitudes and attitude change are influenced by consumer personality and lifestyle. Consumers screen information that conflicts with their attitudes. Distort information to make it consistent and selectively retain information that reinforces their attitudes.

All the internal traits and behaviors make a person unique, also uniqueness arrives from a person's heredity and personal experience. Examples include: self confidence, friendliness, adaptability, ambition, dogmatism, authoritarianism, introversion, extroversion, aggressiveness, and competitiveness. Traits affect the way people behave. Marketers try to match the stored image to the perceived image of their customers. Lifestyles are the consistent patterns people follow in their lives.

2.4 RELATED STUDY

2.4.1 Factors Related to the Use of Good Rice Seeds from the Community Rice Seed Extension and Production Center in Paktho District, Ratchaburi Province

According to the study of Weerapan Pecharwut (วีระพรหม เพชรอาวุธ, 2547), the result revealed that five factors related to the use of good rice seeds from the community rice seed extension and production center were information sources, rice seed growing areas, agricultural credit, the knowledge of the community rice seed extension and production center, and the knowledge of rice seeds.

2.4.2 Consumer Behavior on Buying Packed Rice in Bangkok Metropolis

The study of Narumon Adirekchotikul (นฤมล อติเรกโชติกุล, 2548) found that the media that affected consumer behavior the most in obtaining information was television. For the study of relationship, it was also found that the price of packed rice is related to gender, education and income, whereas place is related to education and income. The study of the influence of personal factors on the important level of marketing factors found that age, marriage status, education and occupation affected the marketing factors on product and promotion, whereas gender affected the distribution channels.

2.4.3 Factors Influencing the Adoption of Improved Rice Varieties by Farmers in Chiang Mai

The study of Jatuporn Wattayagorn (จตุพร วรรณยากร, 2532) found that the important factors which influenced the adoption of improved rice varieties by the farmers were recommendations and knowledge obtained from the agricultural extension officers. The knowledge and recommendations helped increase the probability in accepting improved rice varieties by the farmers. Other factors which also increased the probability of accepting improved rice varieties by farmers were experiences in growing rice, levels of education, sizes of rice growing area, membership of farmer's groups and the amount of rice yield per rai.

2.4.4 Consumer's Purchasing Behavior and Adoption Process on Herbal Products in the Eastern Region of Thailand: A Case Study of Chonburi, Rayong, Prachinburi and Chachengsao Provinces

According to the study of Wuttichat Sunthornsamai (วุฒิชาติ สุนทรสมัย, 2546), the result showed that the respondents considered television a creditable and popular source of information for selecting and purchasing products. The subjects judged products and promotion as the most influential marketing mix factors in purchasing the products.

In conclusion, to conduct further study based on the concept, theory and results of the previous researchers, is the purpose of this independent study on the

topic of “Factors Influencing Customer Rice Seed Buying Decisions at Ratchaburi Rice Seed Center, Department of Rice, Ministry of Agriculture and Cooperatives”. The researcher attempted to find out factors, reasons and concepts to answer the research questions.