

CHAPTER TWO

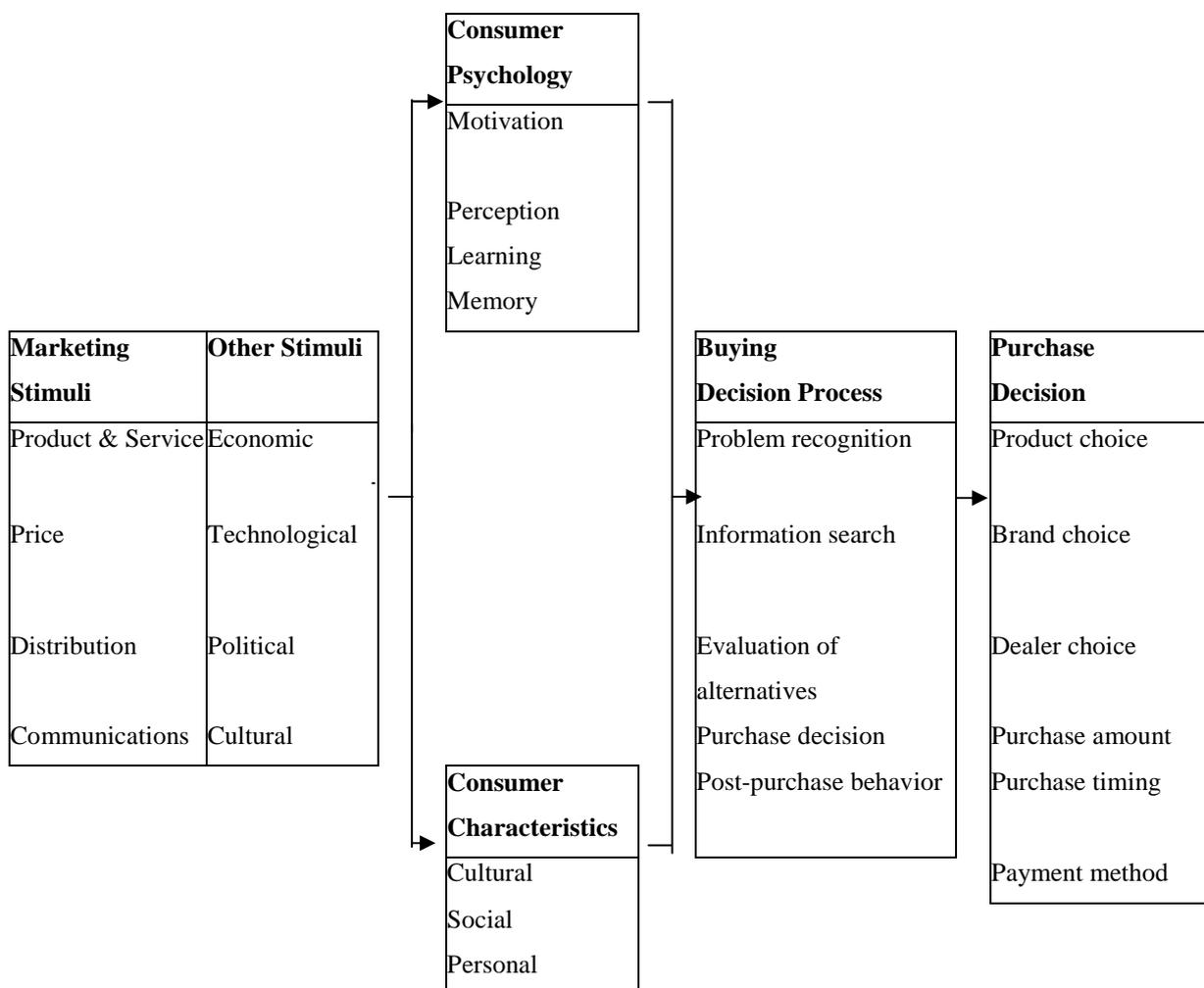
REVIEW OF LITERATURE

This chapter reviews the literature in three main areas along with a summary. The first part explains consumer behavior. The second part concerns the buying decision process with the five-stage model and the third part is the integrated marketing, known as the 4Ps of the marketing mix.

2.1 CONSUMER BEHAVIOR

In order to understand a consumer's buying decisions, Kotler stated that marketers must start with the consumer behavior model (Kotler & Keller, 2006, p. 184). In the First step, the marketing and environmental stimuli enter the consumer's consciousness. The marketing stimuli consist of the 4Ps: product & services, price, place or distribution and promotion or communications. Other stimuli include major forces and events in the buyer's environment such as economic, technological, political and cultural. In the Second step, all these stimuli increase the buyer's awareness via the buyer's psychology, which includes motivation, perception, learning and memory, and the buyer's characteristics, which include cultural, social and personal. In the Third step, after the buyers are induced by the stimuli, the buying decision process is generated. The process begins with problem recognition or a need in the buyers' mind; then they start to search for information to support their need and evaluate alternatives to form preferences among the brands in the choice set. After the purchase, buyers might experience dissonance that stems from noticing certain disquieting features or hearing favorable things about other brands, and will be alert to information that supports his or her decision. The marketer's job therefore does not end with the purchase. Marketers must monitor post-purchase satisfaction, post-purchase actions, and post-purchase product uses. Finally, all these stimuli are turned into the buyer's purchase decision including product choice, brand choice, dealer choice, purchase amount, purchase timing and payment method. The summary of this model is shown in Figure 2.

Figure 2. Model of consumer behavior.

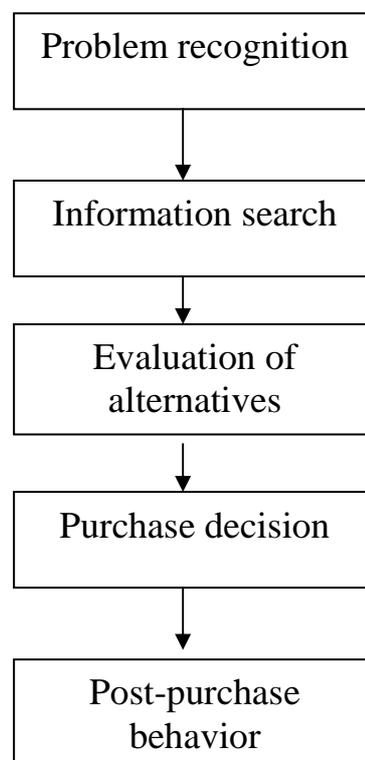


As can be seen from Figure 2, the major forces influencing buying behavior are consumer characteristics, which are cultural, social and personal, while consumer psychology, which includes motivation, perception, learning and memory also influence consumer's buying choices. Cultural factors consist of culture, subculture and social class. These factors influence consumer behavior subconsciously. Apart from cultural factors, social factors such as reference groups, family and social roles and status also affect consumer behavior both directly and indirectly. Personal factors such as age and life cycle stage, occupation, economic situation, lifestyle, and personality and self-concept also influence a consumer's buying decisions.

2.2 THE BUYING DECISION PROCESS: THE FIVE-STAGE MODEL

A “stage model” of the buying decision process (see Figure 3) has been developed by marketing scholars. Kotler and Keller (2006, p. 191) indicated that the consumer passes through five stages: problem recognition, information search, evaluation of alternatives, purchasing decision, and post-purchase behavior. The buying process starts long before the actual purchase and has consequences long afterward. However, consumers do not always pass through all five stages in buying a product. They may skip or reverse some stages. A woman buying her regular brand of toothpaste goes directly from the need for toothpaste to the purchase decision, skipping information search and evaluation. The model in Figure 3 provides a good frame of reference, because it captures the full range of considerations that arise when a consumer faces a new purchase.

Figure 3. Five-stage model of the consumer buying process.



PROBLEM RECOGNITION

The buying process starts when the buyer recognizes a problem or need. The need can be aroused by internal stimuli (hunger, thirst, sex-rises to a threshold level and becomes a drive) and external stimuli (advertising or the sight of a neighbor's new product). The problem recognition can be either slow or fast, depending on the concerns of the individual and the way in which need recognition is triggered.

INFORMATION SEARCH

At this stage, the buyer will search for more information about various ways in which the need can be satisfied. The search can be divided into two parts: internal and external. An internal search involves a review of information stored in the memory while an external search involves gathering information from various sources including advertising, salespersons, neighbors, dealers, reading materials, and friends. The amount of searching the buyer does will depend on the strength of his or her drive. The amount of information he or she starts with, the ease of obtaining the information, the value that he or she places on additional information and the satisfaction that he or she gets from searching and affect the process of information searching.

EVALUATION OF ALTERNATIVES

After collecting and analyzing the information from the information search stage, the buyers now moves to the evaluation of alternatives. At this stage, the buyer will use both new or existing information stored in his or her memory to evaluate possibilities (products, brands) and select products, services, and brands and stores that will most likely satisfy his or her needs. This evaluation of alternatives is based on the individual's beliefs about the products and their features or characteristics which will form the basis for the buyer's attitudes and influence the purchase.

PURCHASE DECISIONS

After much searching and evaluating, the buyer now reaches the point of deciding to purchase the product. Their decisions, however, can be influenced by two factors: the attitudes of others (colleagues, family, key opinion leaders) and unanticipated situational factors (unforeseen events). These two factors can come

between the purchase intention and the purchase decision. Attitudes of others can reduce buyer's preferred alternatives whereas the unanticipated situational factors may arise to change the purchase intention of buyers towards a particular brand.

POST-PURCHASE BEHAVIOR

Finally, after purchasing the product, the buyer will experience the last stage of the consumer decision-making process, which is post-consumption behavior. At this stage, the buyer will experience a sense of either satisfaction or dissatisfaction. If the product is satisfactory, the buyer may purchase the product again, however, if the buyer is not satisfied with the product, he or she may look for other brands or competitors for their next purchase.

2.3 INTEGRATED MARKETING: THE 4PS OF THE MARKETING MIX

According to Kotler and Keller (2006, p. 19), buyers receive the value that has been created, communicated and delivered by fully integrated marketing programs. The marketing program consists of numerous decisions on value-enhancing marketing activities. Marketing activities come in all forms. One traditional depiction of marketing activities is in terms of the marketing mix, which has been defined as the set of marketing tools the firm uses to pursue its marketing objectives. These tools can be classified into four broad groups, which has been called the four Ps of marketing: product, price, place, and promotion.

The particular marketing variables under each P are shown in Figure 4. Marketing-mix decisions must be made for influencing the trade channels as well as the final consumer. The firm can change its price, sales force size, and advertising expenditures in the short run. It can develop new products and modify its distribution channels only in the long run. Thus the firm typically makes fewer period-to-period marketing-mix changes in the short run than the number of marketing-mix decision variables might suggest. The four Ps represent the sellers' view of the marketing tools available for influencing buyers. From a buyer's point of view, each marketing tool is designed to deliver a customer benefit.

Figure 4. The four P components of the marketing mix.





2.4 PREVIOUS RELATED STUDIES

Since the diagnostic products in medical laboratories are a niche market, no previous related study has been published in Thailand. Therefore, the researcher decided to do in depth interviews with three clinical laboratory managers from a private hospital, a government hospital and a private laboratory to ask about factors influencing purchasing decisions of diagnostics products. Based on those interviews, the factors mentioned in the interviews were service, product, price and promotion. The researcher also distributed the questionnaire for a pilot test with the three laboratory managers who had previously purchased medical laboratory products. Modifications of the questionnaire were made after the pilot test before collecting the data for this study.