

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

This chapter reviews the literature in 3 main areas along with a summary: (1) Concept of Customer Behavior, (2) Concept of Customer satisfaction, (3) Relevant Research.

#### **2.1 CONCEPT OF CONSUMER BEHAVIOR**

Wilkie (1986) stated that the field of consumer behavior study was quite young compared to most of the major fields. The first major book in the field, Engel, Kollat, and Blackwell's *Consumer Behavior* was published in 1968. However, the field has grown rapidly in recent years. Wilkie describes consumer behavior to be a widespread and ongoing phenomenon, economically and socially significant, a subtle and complex issue, and personally and professionally relevant. He gave the definition of consumer behavior as the activities people engage in when selecting, purchasing and using products or service to satisfy their needs and desires. These activities involve mental and emotional processes, as well as physical actions.

Wilkie expanded his idea of consumer behavior in *The Seven Keys to Consumer Behavior* as follow:

1. Consumer behavior is motivated.
2. Consumer behavior includes many types of activities.
3. Consumer behavior is a process.
4. Consumer behavior varies in timing and complexity.
5. Consumer behavior involves different roles.
6. Consumer behavior is influenced by external factors.
7. Consumer behavior differs for different people.

Schiffman and Kanuk (2000) also observed that consumer behavior was a relatively new field of study in the mid- to late 1960s. Due to the lack of history and its own body of research, many marketing theorists borrowed and developed the concept from other scientific disciplines such as psychology, sociology, social psychology, anthropology, and economics to form the basis of the new marketing

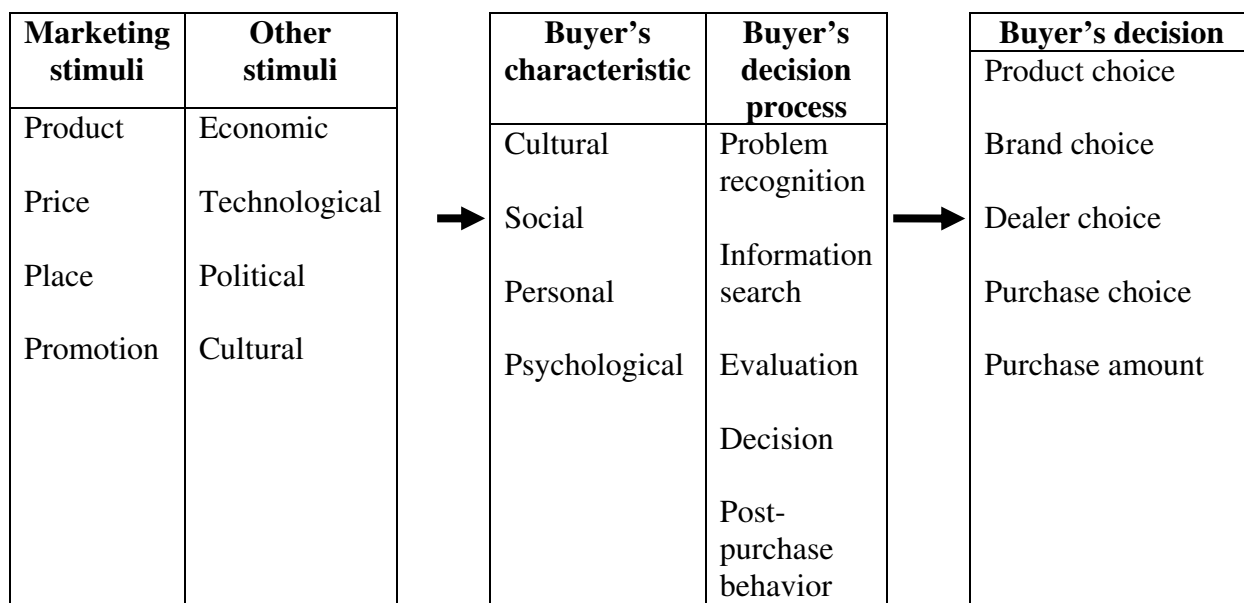
concept. Schiffman and Kanuk's (1991) defined consumer behavior as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. They also see the study of consumer behavior as ascertaining how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items.

According to Kotler (1994), in earlier time, marketers could understand customer behavior through the daily experience of selling to them. But due to the growth of the size of the companies and markets, many marketers were unable to directly contact with consumers. They had to rely on consumer behavior analysis that answered these questions:

1. Who constitutes the market?
2. What does the consumer buy?
3. Why does the consumer buy?
4. Who participates in the buying?
5. How does the consumer buy?
6. When does the consumer buy?
7. Where does the consumer buy?

Kotler (1994) explained that customer buying behavior was determined by marketing and environmental stimuli which produced the buyer's characteristic and decision process then led to certain purchase decision as shown in the diagram:

### Model of buyer (consumer) behavior

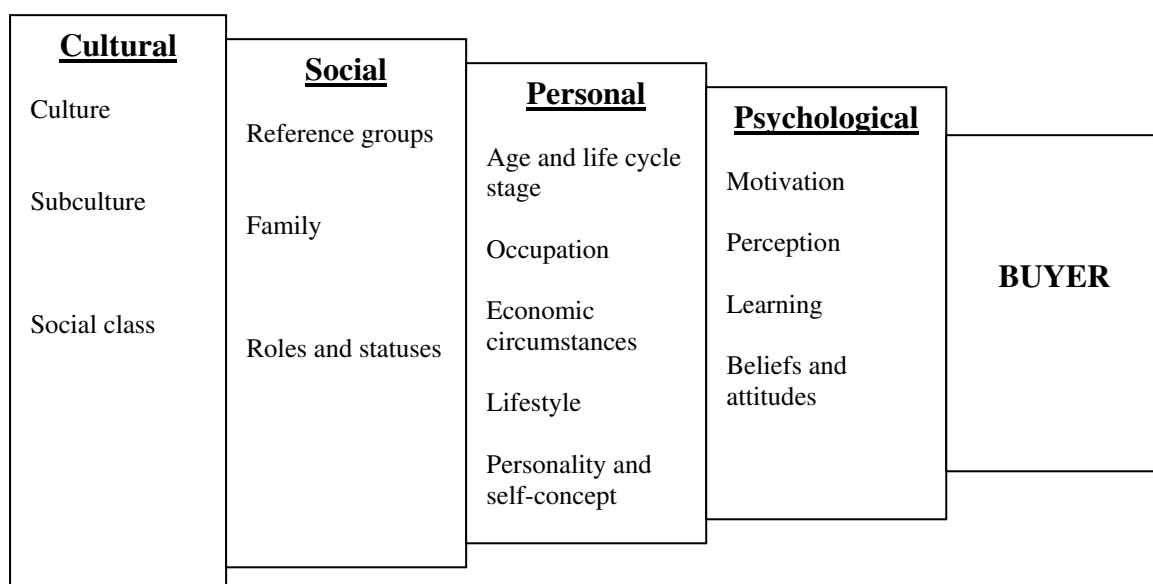


From *Marketing management: Analysis, planning, implementation, and control*, by P.

Kotler, 1994, Englewood Cliffs: Prentice-Hall

The above diagram identifies major factors influencing consumer's buying behavior. Details of those factors are shown in the next diagram.

### Model of factors influencing consumer's buying behavior



From *Marketing management: Analysis, planning, implementation, and control*, by P. Kotler, 1994, Englewood Cliffs: Prentice-Hall

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

- Culture is the most fundamental determinant of a person's wants and behavior.
- Subculture means the small elements of culture providing more specific identification and socialization for its members which include nationalities, religions, racial groups, and geographical regions.
- Social class. All human societies exhibit social stratification. Social scientists have identified the social stratification into 7 classes: upper uppers (less than 1%), lower uppers (about 2%), upper middles (12%), middle class (32%), working class (38%), upper lowers (9%), and lower lowers (7%).

2. Social factors are related to daily lives and influence consumer's buying behavior.

- Reference groups consist of all the groups that have a direct (face to face) or indirect influence on the person's attitudes or behavior.
- Family members constitute the most influential primary reference group. A family member's influence can vary with different sub-decisions made within a product category.
- Roles and statuses. The person's position in each group can be defined in term of role and status. Each role carries a status. People choose products that communicate their role and status in society.

3. Personal factors. Personal characteristics influence buyers' decision.

- Age and life cycle stage. People buy different goods and services over their lifetime
- Occupation also influences each person consumption pattern.
- Economic circumstances are affected one's product choice.

The elements of people's economic circumstances are spendable income, saving and assets, debt, borrowing power, and attitude toward spending versus saving.

- Lifestyle. A person's lifestyle is the person's pattern of living in the world as expressed in the person's activities, interest, and opinions.

- Personality and self-concept. Each person has a particular personality that will influence his or her buying behavior.

4. Psychological factors further influence consumer buying choice in four main parts.

- Motivation. A motive (or drive) is a need that is sufficiently pressing to drive the person to act.

- Perception is defined as the process that an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world. (Kotler, 1994) Perception depends not only on the physical stimuli but also on the stimuli's relation to the surrounding field and on conditions within the individual.

- Learning describes changes in an individual's behavior from experience.

- Beliefs and attitudes. A belief is a descriptive thought that a person holds about something. An attitude reflects a person's enduring favorable or unfavorable cognitive evaluations, emotional feelings, and action tendencies toward some object or idea. These two factors turn influence consumer's buying behavior.

## **2.2 CONCEPT OF CUSTOMER SATISFACTION**

### **2.1 Definition of Customer Satisfaction**

Several scholars have attempted to define the concept of customer satisfaction that has resulted in various definitions. Liu (2000) and Kotler (1994) have stated a similar concept of customer satisfaction as the feelings or reaction that a person experiences from comparing the performance of a product with his or her first expectation. Many other scholars share the idea of service satisfaction with that observed by Bitner and Hubbert (1994). Service satisfaction is defined as a scale that captures the customers' overall feeling towards the organization. Moreover, it occurs in multiple levels of the organization including satisfaction with contact persons,

satisfaction with the core services experienced by the customer, and satisfaction with the institution overall.

In terms of the importance of customer satisfaction, some researchers share the similar thoughts. Anderson and Fornell (1994) state that customer satisfaction measures current performance and predicts the future profitability of the organization. An ability to deliver the advantages to customer satisfaction is a key to build and maintain the long-term relationship between customers and the firm. Leu (2000) and Dovdon (2000) agree that customer satisfaction plays an important role in the organization and business strategic management, particularly in service organizations, where increased satisfaction allows the firm to be more competitive and provide a wider choice of and better service to customers.

## **2.2 Concept of Customer Satisfaction Measurement**

Marr and Crosby (1993) said that customer satisfaction measurement is not a simple survey. They give the operational definition of customer satisfaction measurement as a management information system that continuously captures the voice of the customer through the assessment of performance from the customer's point of view. The main purpose of customer satisfaction measurement in their view is to obtain a clear and reliable evaluation of the company's performance from the customer's perspective. In the other words, the goal is to know what the customer thinks about the organization and why.

## **3. RELEVANT RESEACH**

Wantanee Sirisuk (วันทนีย์ สิริสุข, 2539) has conducted "*The Study of The Effectiveness of Public relation Medium in Royal Orchid Plus Program of Thai Airways International Plc.*" The objective of the study was to determine the relationship between the access, acknowledgement, attitude, and opinion of the members on the public relation medium of Royal Orchid Plus Program with the effectiveness of the medium. The study also set out to find out the relationship

between personal factors of the members with the access and attitude of the members on the medium of the program. The subjects of the study were 549 Thai members who lived in Bangkok. The results of the study showed that some types of public relations media including Sawasdee Magazine, brochures, direct mail, posters, and other magazines, and stickers, has a positive relationship between the access and attitude of the members of Royal Orchid Plus Program. Furthermore, the findings of the study show that only some personal factors of the member are related to the access to public relations media. Overall, the results show that most of the members have average knowledge about and neutral attitudes towards the Royal Orchid Plus Program.

Prapatpong Thitisurawat (ประภัทรพงศ์ ฐิติสุรวัดน์, 2542) has studied “*Consumer’ Satisfaction on Sales Promotion of Thai Airways International Plc.*” The subjects of the study were 150 Thai passengers who used the service of sales promotion campaign provided by Thai Airways International Plc. during 1999-2000. The sales promotion campaign included Royal Orchid Plus (ROP) Mileage Program, Earnng Luang Thailand Tour, Earnng Luang Abroad Tour, and Earnng Luang Golf Tour. The result of the study showed that these factors: age, education, occupation, marital status, and income, are related to the frequency of using and the degree of satisfaction with the sales promotion campaigns provided by Thai Airways International Plc. Moreover, the results revealed that Royal Orchid Plus (ROP) Mileage Program was in the first rank chosen by the respondents who used 4 types of the service of sales promotion campaign.

Furthermore, Phornsany Thipburee (พรเสนห์ ทิพย์บุรี, 2545) has studied “*Satisfaction of Members towards Royal Orchid Plus Frequent Flyer Program*” (“*Frequent Flyer Program*” is used among Airlines. The correct name should be “Royal Orchid Plus”). The purpose of the survey was to find out the relationship between the personal data of the members and the degree of the satisfaction with the program during 2002. The sample of the study was 400 members. The results of the study reveal that there is a relationship between the personal factors of the members and the degree of satisfaction with the Royal Orchid Plus Frequent Flyer Program.

Moreover, the results show that most of the members had not redeemed their accrued mileage for the benefits and rewards.