

CHAPTER TWO

REVIEW OF LITERATURE

This chapter reviews the literature in five main areas: (1) the theory of determinants of consumer behavior, (2) the theory of decision making, (3) the external factors affecting purchase decisions, (4) the marketing strategies, and (5) relevant research.

2.1 THE THEORY OF DETERMINANTS OF CONSUMER BEHAVIOR

Walters (1978, pp. 13-17) explains that every person has different internal criteria when he or she decides to buy a product. There are two types of consumer behavior variables: basic determinants or influences (internal variables) and environmental determinants or influences (external variables).

Basic Determinants of Consumer Behavior

There are four basic consumer variables that control the internal thought processes of the consumer: the consumer's needs, motives, personality, and awareness. First, a need is defined as any physical or emotional body requirement. A motive is, secondly, a stimulus or feeling that causes one to do something or act in a certain way. Third, personality is defined as the human characteristics or traits that differentiate each person from another. Fourth, awareness is clearly defined as having knowledge of something through the senses. It relates the individual to his or her external environment.

These basic determinants can control the consumer's decision-making but are not controllable by the individual in the short run. Each person does not decide how to feel or perceive but he or she decides on what action to take as determined by how one feels or perceives. It can be summarized that the consumer's decisions are a controllable aspect of the consumer behavior.

Environmental Influences on Consumer Behavior

Each consumer is continually influenced by the environment. There are five environmental determinants of consumer behavior: family influences, social influences, business influences, cultural influences, and economic influences.

Family influences come from family members. Social influences result from all personal contacts other than family or business such as colleagues at the workplace, in the neighborhood, etc. Business influences refer to direct contact, either at the store or through personal selling and advertising. Cultural influences are the innate beliefs and sanctions developed over time by the local social system. Income influences are the constraints placed on the consumer by money and related factors.

These environmental factors above have a direct impact on perception because the individual comes to observe or understand the environmental factors through perception.

2.2 THE THEORY OF DECISION MAKING

One of the characteristics of an intelligent, mature person is the ability to make good decisions.

One of the most helpful decision-making models was developed by Mann et al. (1989). They listed nine elements of competent decision making (the nine C's of decision making)

Choice Willingness to choose is an important prerequisite to decision making. Having high self-esteem gives a person the courage to choose (Brown & Mann, 1991). If their locus of control is internal rather than external, their decision making authority resides within themselves.

Comprehension refers to the understanding of decision-making as a cognitive process.

Creative problem solving Creative problem solving involves defining the problem, recognizing different choices or alternative ways of solving problem, combining choices to produce new alternatives, and conceptualizing the sequence of steps for moving toward the goal (Hubor, 1986).

Compromise Decision making often involves a willingness to accept compromises and consider the other person's point of view as important.

Consequentiality Decision making involves the willingness to think about the potential consequences of choosing actions for oneself and others.

Correctness of choice Making a correct choice is the prime test of decision making (Klayman, 1985).

Credibility involves the ability to accept the authenticity of the information relating to choice alternatives. Young people are less able to recognize the vested interests of advice givers and are less likely to question the expertise or credibility of the source. Old people are more likely to check new information against previous knowledge (Lewis, 1981).

Consistency A competent decision maker is expected to show some consistency and stability in patterns of choices.

Commitment This involves a willingness to follow through decisions. Older people (16 to 20 years old) are more likely to follow through than younger people (14 to 15 years old) (Mann, Harmoni, Power & Beswick, 1989).

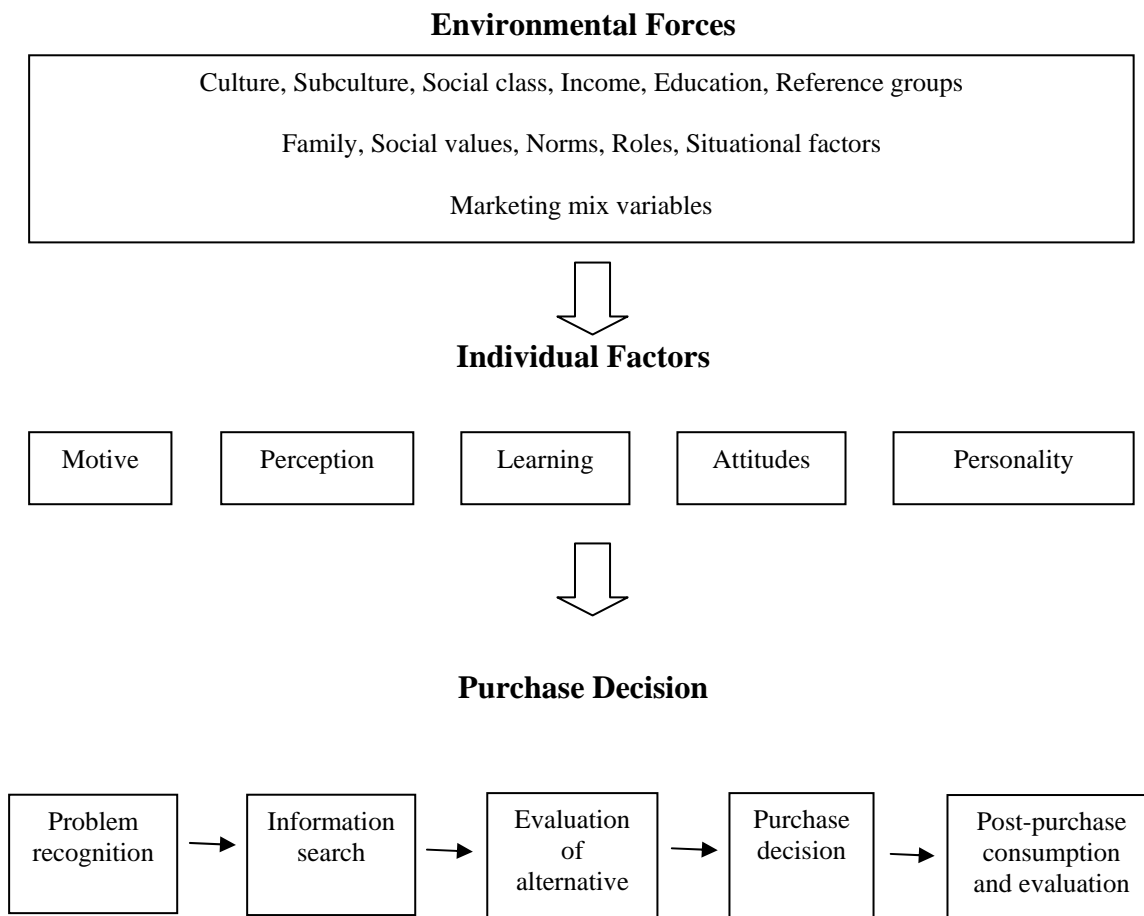
In conclusion, many people, particularly from mid-adolescence, are aware of the steps involved in systematic decision making, and have the capacity for creative problem solving. People with more experience have greater competence than younger people (Mann, Harmoni, Power & Beswick, 1989).

2.3 THE EXTERNAL FACTORS AFFECTING PURCHASE DECISIONS

Each consumer makes his or her own decisions regarding the choices, purchases, and uses of products as well as services. Consumers often face numerous alternatives which are continuously changing since the existence of the new technologies and the competitive pressures emerged. There is an influx of information available on many sources such as advertisements, packages, brochures, salespersons, and friends (Bettman, Johnson, & Payne, 1991, pp. 50-59).

Rather than a single factor, Bettman, Johnson, and Payne (1991) agree that the chart below illustrates a decision making process influenced by a large number of interdependent forces. Marketing strategies, such as advertising on television, are the environmental forces, and so are both culture and family which are, at the same time, grouped in a social force. Most importantly, the characteristics of the individual such as the person's attitude and personality, may also influence the decision-making process at a particular moment.

Figure2. A consumer behavior model of the decision-making process: How it works and what influences it.



From *Effective Marketing: Creating and Keeping Customers in an E-Commerce World* (p.142), by W.G. Zikmund and M. d'Amico, 2002, Cincinnati, OH: South-Western College.

2.4 THE MARKETING STRATEGIES

The marketing strategies are known as the “four Ps”: product, price, place, and promotions.

Product Product means the combination of the goods and services that the organizations offer to their target market. Zikmund and d'Amico (2002, p. 9) add that product is goods, a service, or an idea which provides both tangible and intangible attributes to satisfy the consumer's needs.

Price Price refers to the amount of money the customers need to pay in order to acquire the product. Zikmund and d'Amico (2002) also suggest that marketers

should determine the best appropriate price for their products to ascertain a product's value (p.13). Once the value of a product is established, the marketers should know what price to charge. Pricing strategy is a crucial factor for every manufacturer in order to show his or her consumers what it is worth to them. However, as the consumer's evaluations of a product's worth change over time, a price tends to change rapidly as well.

Place Place of buying includes any company activities that make the product available to the target consumers. Place is defined as an element of the marketing combining all aspects of getting products to the consumers in the right location at the right time (Zikmund & d'Amico, 2002, p. 11). Place also includes the source of distribution. A basic channel of distribution is composed of the manufacturer, the wholesaler, the retailer, and the ultimate consumer.

Promotion Promotion means any activities that communicate the merits of the product and persuade target consumers to buy it. Promotion may convey a message about the organization, product, or some other elements of the marketing (Zikmund & d'Amico, 2002, p. 12). For instance, the manufacturers should know how to lower the price of their products being offered during a sale period. The form of promotion consists of advertising, personal selling, publicity, and sale promotion. Each sort of promotion offers its unique benefits, but promotion communicates to consumers for different purposes: informing, reminding, or persuading. To communicate with their potential customers effectively as a way to reach the goal of the firm, two major promotional mixes are usually applied.

2.5 RELEVANT RESEARCH

The satisfaction of Wacoal Lingerie Missy Style Users in Bangkok was studied by Maiyasit (มัชสิทธิ์ ขยายแย้ม, 2550). The samples of 400 consumers who use Wacoal Lingerie Missy style in Bangkok were asked about marketing communication exposure and their satisfaction. The customers were asked about their marketing exposure. The communication channels such as television, magazines, billboards, and leaflets are defined as a product's information sources. In term of satisfaction, the consumers had good attitudes toward the overall goods due to the variety of lingerie, quality of brassieres to choose from, and reasonable price.