



Using Group Comparisons to Explore Purchase Intention Towards The Thai Bottled Drinking Water

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Abstract

The two objectives, firstly, this study aims to investigate on how strong of promotional and price battle can be strategically adjusted to improve purchase intention especially the post flooding crisis in May 2012; and secondly, this study provide a clear demonstration for using SAS enterprise guide 4.3 to analyze the research result. The study offers and evaluates a proposed how two major components of marketing mix (promotion and price) as well as brand awareness affect customers' satisfaction. This study also explores customers' satisfaction and customers' loyalty as two moderators towards purchase intention.

This study is supported through data from a convenient sample of 400 Thai of which 61% work/own the private companies. The finding showed that the promotional campaign but price encourage their intention to purchase the Thai bottled drinking water. Also, the results reveal that customers' satisfaction as well as customers' loyalty moderates their purchase intention. This study provides how importance of promotion campaign through group classification of the respondents' profile. The research also suggests that Nestlé (Thai) Company should remain their relationships with customers and design and redesign strategically the price and promotion campaign. Also, the respondents were only limited in Bangkok. The findings may not be generalized for future periods of time.

This research is also limited to the Thais' bottled drinking water which 0.33, 0.6 and 1.5 Liters have sell on convince store, department store, not focus on any establishment place in Bangkok and not focus on lifestyle people or any specific groups. This research links together marketing mix and purchase intention concept.

INTRODUCTION

Currently, competition of bottled drinking water is increasing significantly. The question of "How to develop, maintain, and enhance customer purchase intention toward a firm's products or services?" is generally seen as the central thrust of marketing activities [6] (Dick and Basu, 1994). Every firm has to find a way to enter the market by developing new products and creating customer satisfaction to start and maintain good



customer relationships as they are an integral part of a business [13] (Market indicator report (Canada), 2010).

This study observe and develop a better understanding of the significant factors that affect customer satisfaction and purchase intention of only bottled drinking water onto the Thai market. The idea is that success of a firm depends on the goals of a firm, which depends on knowing the needs and wants of markets and delivering the desired result for better satisfaction than competitors provide. Since this study will be focusing on consumer products in a Business to Consumer (B2C) environment, it will be exploring how brand equity, price, and promotion affects customer satisfaction, how brand equity, price and promotion satisfaction affect purchase intention.

MODEL DEVELOPMENT AND HYPOTHESES

The research developed conceptual framework from the researches in theoretical framework to study the factors that affect purchase intention of Nestlé bottled drinking water. The research focused on six independent variables toward brand awareness, price, promotion, customer satisfaction and customer loyalty and the dependent variables is purchase intention. Base on [7] Espejel *et al*, (2008), they studied consumer satisfaction: A key factor of consumer loyalty and buying intention of PDO food product. The second model used for the Effect of Services to Customer's Loyalty (Case Study of Kentucky Fried Chicken Restaurant at Galleria Mall Yogyakarta) by [18] Suprihanti A. (2011).

Hypothesis 1: Brand awareness has a relationship with customer satisfaction.

Hypothesis 2: Marketing Mix has a relationship with customer satisfaction.

Hypothesis 2a: Price has a relationship with customer satisfaction.

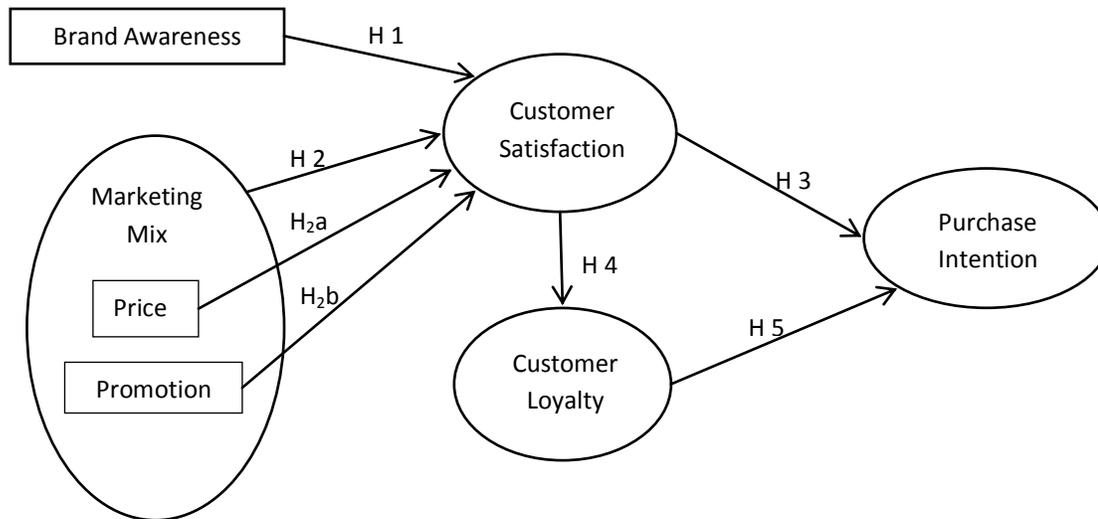
Hypothesis 2b: Promotion has a relationship with customer satisfaction.

Hypothesis 3: Customer satisfaction has a relationship with purchase intention.

Hypothesis 4: Customer satisfaction has a relationship with customer loyalty.

Hypothesis 5: Customer loyalty has a relationship with purchase intention.

Figure 1: Conceptual Framework



STATISTICS MEASUREMENT

The research designed to use the self-administered questionnaire in this research to collect information from respondents, Based on [26] Zikmund (2003), identified self-administered as a questionnaire that require respondents completed by themselves. The questionnaire was separate to two parts to collected information about factors affecting purchase intention and demographic of respondents. Also, the questionnaire was created in English and Thai language for better understand and properly to Thai respondents. In addition, the screening questions required respondents to answer the screening question consumption of Nestlé's drinking water. There are two questions in this part. Under factors affecting purchase intention, this part required respondents to answer their attitude toward factors that affected purchase intention of Nestlé's drinking water. The question came from empirical study by [22] Wu and Batmunkh (2010); [17] Petkao (2010); [10] Jalilvand (2011); [19] Taylor (2004) and [7] Espejel (2008). There are 24 questions consisted all factors (brand awareness, price, promotion, customer satisfaction, purchase intention and customer loyalty) that used to study in this research. The questions were determined by five-point Likert scales as 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree. Under the Demographics Information, this part comprised of five question about personal information of respondents by gender, age, education, occupation and income levels.



LITERATURE REVIEW

A. Relationships between customer satisfaction and purchase intention

[4] Cronin and Taylor (1992) studied the relationship between customer satisfaction and purchase intention in service sectors on banking, pest control, dry cleaning and fast food. From the survey, the researcher found significant relationship between customer satisfaction and purchase intention in all four sectors. Customer satisfaction is an attraction of consumer purchase intention and repurchases intention [11] (LaBarbera and Mazursky, 1983). Moreover, researcher suggested that positive relationship, customer satisfaction affects consumer willingness to pay with high price [14] McAlexander *et al.*, (1994) studied the relationship in the health-care sector; the researcher found that customer satisfaction has effect on the purchase intention. [8] Getty and Thompson (1994) studied relationship between quality of lodging and satisfaction with customers' intention. The result showed that two variables have significant effect to the customers' intention. [1] Anderson *et al.*, (1994) suggested that purchase intention depend on satisfaction within experience of consumer. Satisfaction based on value of product and service can support consumer needs and expectations [25] (Zeithaml and Bitner, 2000).

B. Relationships between brand awareness and customer satisfaction

The relationship of customer satisfaction with products and consumer's equity may engage with product brand. Previous studies presented about relationship of customer satisfaction with a retailer and the equity related to consumers with that retail brand. The result of a research study in Australia about the relationship of customer satisfaction and consumer-based retailer equity using the associative network memory model shows that brand equity has a significant effect to customer satisfaction [16] (Pappu and Quester, 2006). This research focuses on three dimensions of brand equity; brand awareness, perceived quality, brand loyalty and brand associations.

Customer satisfaction and brand awareness. Brand awareness based on customer recognizing brand names who are highly satisfied with brand name, normally have highly brand awareness. On the other hand, customers who are dissatisfied with the brand may have highly brand awareness, and then both customer satisfaction and customer dissatisfaction have relationship and affect brand awareness [16] (Pappu and Quester, 2006).

Customer satisfaction and perceived quality. [2] Bitner (1990) found that customer satisfaction increased perceived quality. [16] Pappu and Quester (2006) studied the



relationship between the retailer equity and customer satisfaction. They support perceived quality having an effect on customer satisfaction and the brand names.

Customer satisfaction and brand loyalty, found a positive effect on satisfaction and loyalty [21][5][23] (Woodside et al., 1989; Dabholker et al., 2000; Yang and Peterson, 2004). Therefore, customers who feel satisfied with brand name and products are believed to become loyal and repurchase product. Satisfaction customer has changed to be loyal customer.

Customer satisfaction and brand association, Satisfaction is believed to have a positive effect on the concentration and desirable of brand association. [16] Pappu and Quester (2006) explained that consumers are probable to have pleasing and high associations on a brand as highly satisfied to brand more than consumers who have low satisfaction. As the result, they proposed a positive relationship between customer satisfaction and brand association.

C. Relationships between price and customer satisfaction

Satisfaction has positive relationship with fairness perception depends on supplier, perceived quality and price [15][3] (Oliver and Swan, 1989; Bowman and Narayandas, 2001). [9] Herrmann *et al.*, (2007) has found that price perception effect to overall satisfaction with direct and indirect price fairness perception. There are elements of price fairness perceptions correlation that depend on the information about price which seller's offering and the elements of satisfaction are depend on the order in purchase process. [9] Herrmann *et al.*, (2007) also studied the relationship between price fairness and customer satisfaction in German car brands dealerships. The result shows a positive relationship between satisfaction and purchase intention.

D. Relationships between promotion and customer satisfaction

Promotion is an important marketing component in marketing mix. Suitable promotion strategies can be attractive to customer intention toward products and services. The relationship between promotion and customer satisfaction has widely studied in marketing field. [12] Ling et al., (2012) studied marketing mix toward customer satisfaction on branches of retail store in Malaysia. The research finds a significant relationship between all marketing mix components and customer satisfaction. [18] Suprihanti (2011) studied the effect of service to customer's loyalty. They studied the effect of 4 P's concept and service quality on customer satisfaction toward customer loyalty on KFC Restaurants in Indonesia. The research focuses on KFC branch located in



the center of Yogyakarta. The result shows significant relationship among marketing mix, service, customer satisfaction and customer loyalty.

E. Relationship between customer satisfaction and customer loyalty

[7] Espejel *et al.*, (2008) studied about the relationship between consumer satisfaction and buying intention in product of olive oil from Bajo Aragon, Aragon, Spain food (PDO) product. They set their hypothesis as “Consumer satisfaction with a PDO food product has a positive and significant impact on buying intention.” Regarding to research, found a significant strong positive relationship between customer satisfaction and customer loyalty with 0.90 significant relations, which means higher customer satisfaction influences higher level of customer loyalty of the PDO products.

F. Relationship between customer loyalty and purchase intention

[24] Yaseen *et al.* (2011) studied the relationship between brand awareness, perceived quality and customer loyalty on brand profitability and purchase intention, the study focused on the mediating role of purchase intention towards those factors. Data was collected from 200 respondents who are resellers. In this study, researchers studied about brand loyalty has a significant influences the purchase intention, the result showed significant impact between two variables with 0.174, strongly relationships.

HYPOTHESES TESTING

Based on the research objectives, Pearson’s Correlation analysis was used in the study. After analyzing the hypotheses, all the null hypotheses were rejected. The results are summarized as follows:

Hypothesis 1: There is a relationship between brand awareness and customer satisfaction toward Nestlé’s bottled drinking water. From the correlation at 0.670, the results implied that the brand awareness of product has a high positive relationship with customer satisfaction toward Nestlé’s bottled drinking water.

Hypothesis 2: There is a relationship between marketing mix and customer satisfaction toward Nestlé’s bottled drinking water. From the correlation at 0.678, the results implied that price of product has a positive relationship with customer satisfaction toward Nestlé’s bottled drinking water.

Hypothesis 2a: There is a relationship between price and customer satisfaction toward Nestlé’s bottled drinking water. From the correlation at



0.583, the results implied that price of product has a positive relationship with customer satisfaction toward Nestlé's bottled drinking water.

Hypothesis 2b: There is a relationship between promotion and customer satisfaction toward Nestlé's bottled drinking water. From the correlation at 0.591, the results implied that promotion of product has a positive relationship with customer satisfaction toward Nestlé's bottled drinking water.

Hypothesis 3: There is a relationship between customer satisfaction and purchase intention toward Nestlé's bottled drinking water. From the correlation at 0.776, the results implied that customer satisfaction of product has a high positive relationship with purchase intention toward Nestlé's bottled drinking water.

Hypothesis 4: There is a relationship between customer satisfaction and customer loyalty toward Nestlé's bottled drinking water. From the correlation at 0.655, the results implied that customer satisfaction of product has a high positive relationship with customer loyalty toward Nestlé's bottled drinking water.

Hypothesis 5: There is a relationship between purchase intention and customer loyalty toward Nestlé's bottled drinking water. From the correlation at 0.727, the results implied that customer loyalty of product has a high positive relationship with purchase intention toward Nestlé's bottled drinking water.

IMPLICATIONS AND CONCLUSIONS

Customers were satisfied with brand awareness accepted and brand experience. Brand awareness is about brand acknowledged and awareness of customer toward brand name [16] (Pappu and Quester, 2006). According to result of hypothesis testing, there found a positive relationship between two variables, which mean brand awareness has effected to customer satisfaction. Price strategies of Nestlé's bottled drinking water were satisfied customer to gain purchase intention. The result of the hypothesis was supported by [9] Herrmann et al. (2007) who studied the relationship between overall satisfaction and price fairness perception. It showed price is a most powerful tool of marketing to gain satisfaction and purchase intention of customers.



On the one hand, Promotion is another tool of marketing to gain customer satisfaction and interesting to purchase. . Customers who has high satisfaction to products and brand, also has a high purchase intention. Customer satisfaction has effects to customer increased purchase intention that satisfaction may come from good experience of consumption products [7] (Espejel et al., 2008). Customers who have satisfaction with products and brand, there will have customer loyalty [20] (Terblanche, 2006). Nestlé provide marketing strategies to gain more customer satisfaction and loyalty to increase purchase intention.

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