



# A Study on Consumer Perceptions of Burmese Shoppers for Gems and Jewelry Products in Mandalay Division, Myanmar

**Nan Kain**

Myanmar

nankain1987@gmail.com

## **Abstract**

*The objective of this research is to study the relationship between demographic factors (gender, age, income, and education levels) and consumers' perceptions regarding product quality, product design, price, and promotion. To do so a survey was conducted by distributing 385 questionnaires in randomly-chosen in Mandalay Division, Myanmar. The Descriptive Statistics was applied for data analysis. The results show that there is a significant difference in perceptions among age, income, and education levels and product quality. There is also significant difference in perception between income levels and product design. They also indicate that there is no significant difference between product design and gender, age, and education levels. In addition, they also show that there is no significant difference between price and promotion and gender, age, income and education levels. Based on these results, it seems that Burmese gems and jewelry products need to develop a marketing strategy to help the vendors/company increase consumers' perception.*

## **INTRODUCTION**

Perception of customers is important for successful business. Because the success of the firm bases on its ability to attract and maintain customers to buy goods or services at prices and give profits to the company. Many studies have pointed out that one of the key elements of perceptions is price cue (Jin and Sternquist, 2003; Zhou and Nakamoto, 2001). Perception is a special interpretation that one gives to objects or searches or otherwise brought to the attention of the consumer through the senses (Walters, 1989). In other words, Consumer perception is the way of consumers and potential consumers view a firm and its products or services. Therefore, it is obvious that consumer behavior is influenced by consumer perception. Consequently, consumer perception directly affects profits to a firm. Thus, many firms invest large amount of resources in order to influence consumer perceptions.

The research is about the Burmese shoppers' perception for Burmese gems and jewelry product in Mandalay Division, Myanmar. Myanmar is the second largest country in Southeast Asia and the 40<sup>th</sup> largest country in the world, and ranked 24<sup>th</sup> most popular



in the world. Its population is over 60.28 million. Its currency uses Kyat (K) (MMK). Myanmar is the least developing country even though its rich in natural resources. Ruby and jade are the most valuable resources in Myanmar.

Myanmar gems and jewelry fairs are held two times a year at the Myanmar Gems Emporium Center in order to allow gem traders worldwide to buy precious gem stones from the Myanmar Gems Enterprises. Over 1,000 private gems trading companies are allowed to produce locally so that Myanmar Gem Emporium could promote the publicity and the sales of gems and jewelry products. From every sale of private gems trading companies, 10 percent of the taxes is charged by the government, 7 percent is charged by the tax department and 3 percent of which goes to the Myanmar Gems Enterprises. The first emporium was held in March of 1964 and later on, the second emporium took place in October of 1992. The gems production and gems export sales started booming in 1995 as government gave allowances to private enterprises to mine, transport, process, and sell the local gem stones at that time.

## **RESEARCH OBJECTIVES**

The purpose of this research is to identify the consumers' perception of Burmese gems and jewelry shoppers in Mandalay Division, Myanmar. Specifically, the research objective is to test the relationship of consumers' perception regarding product quality, product design, price, and promotion and demographic factors, like gender, age, income and education levels.

## **LITERATURE REVIEW**

### **Consumer Perception**

Perception is defined as the special interpretation that individual pays attention to objects or ideas searched or brought to the consumer's sensory (Walters, 1989). Other authors defined that perception is a kind of explanation how individuals choose and organize various information they are going to expose and perception is a set of attitude, motivations, experience and learning, particularly correlated with a previous purchase (Middleton & Clarke, 2001). Perception is a series of progress of people choose, form, and interpret information to gain an understandable picture of the world (Kotler, 2004). Perception is identified as the progress of an individual chooses, arranges, and interprets stimuli to be meaningful and logical frame of the world (Schiffman & Kanuk, 2004).

Solomon and Stuart (2005) defined that three basic aspects of consumer's perception are exposure, perceptive selection and interpretation. It means that firstly, consumers perceived about products to their sensory from some stimuli, at the same time



consumers pay attentions to a particular stimuli more than others and after that consumers make a consistent or significant reaction to a particular stimuli based on their memory picture (interpretation).

### **Product Quality**

The quality's concept is defined as an abstract evaluation or judgment which associates with a product' physical standards and attributes, and also relates to the intrinsic cue that sets standards in the consumers' minds (Zeithaml, 1987). Different brands tend to have different perceptions of quality in order to maintain brand loyalty. According to Crosby *et al.*, (2003), in perceptions of quality, something is established in the consumers' minds because of their first impression. Quality is a desirable characteristic of a product to be believable, useful and sought after for consumers. Consumers' perceptions of true quality (high/low) towards a product emerge after purchasing and using it. In this case, advertising can make a product reliable and good quality towards consumers' perceptions.

### **Product Design**

Frings (2005) stated that product design is the external visual things which are line, shape, and everything related that influence toward the brand which adds to the package's style in order to attract royal fashion conscious customers. Fashion consciousness is a desire to buy for trendy people as it includes the new design' awareness, attractive style, and new fashions (Sproles and Kendall (1986).The physical attributes of products such as packaging size also affect consumers' preferences, design of product, ways of displays, attractive colors, aroma or music are all attention getters for shoppers and stimulate them to buy immediately (Donovan & Rossier, 1982; Verplanken & Herabadi, 2001). Howard (1994) stated that product design includes four elements: product dimension, branding, packaging and product services.

### **Price**

Hawkins et al (2001) stated that price is the money's amount in order to exchange the product. Kotler (2000) stated that price is the major important factor for buyer to determine to choose a product. Nevertheless, consumers always compare the pervious price when buying the same brand so that choosing the brand pricing format should be based on consumers' perception. Price has been defined as an informative factor that the consumers usually use to evaluate the quality of products (Lichtenstein *et al.*, 1993). Price is often used by buyers as a measurement whenever they compare the intrinsic product with its quality (Lichtenstein *et al.*, 1993; Zeithaml 1988).



According to Kotler (2000), there are five pricing structures based on different locations;

- Geographical pricing: Geographical pricing is the strategy that the company uses to set different prices for products for customers according to different areas and countries.
- Price discounts and allowances: This type of pricing strategy offer discount prices and allowances such as cash discounts, quantity discounts, functional discounts or trade discounts and seasonal discounts for prepayments, volume purchase, and end of season buying.
- Promotional pricing: There are several pricing methods that will affect early purchase such as loss-leader pricing, special-event pricing, cash refunds, low-interest financing, paying by installments, guarantees and service contracts and psychological discounting.
- Discriminatory pricing: Discriminatory pricing takes various forms such as customer-segment pricing, product-form pricing, image pricing, location pricing and time pricing. This pricing method ia used to suit with the differences in customers, locations and products.
- Product-mix pricing: This pricing method decides on the whole product mix in order to get maximum profits. Six product-mix pricings are product-line pricing, optional-feature pricing, captive-product pricing, two-part pricing, by-product pricing, and product-bundling pricing.

## **Promotion**

Promotion involves all activities that companies communicate to the target market Kotler (2000). Walters and Bergiel (1989) stated that promotion is any form of transmitted information about the products and services of the firm to remind or encourage the potential customers. Graeff (1995) stated that promotional tactics can inform and create interests in new products, maintain positive attitudes to brand images, and purchase intentions on consumers. Kotler (2000) implied that the marketer must communicate promotional tools based on the targeted audience reaction by searching a cognitive, affective, or behavioral response. There are five major tools in the marketing communication mix; advertisings, sales promotions, public relations, personal selling, direct marketing

There are five major tools in the marketing communication mix:



1. *Advertising* is “any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. The common platforms of advertising are print and broadcast ads, packaging, motion pictures, brochures and booklets, posters and leaflets, directories, reprints of ads, billboards, display signs, point-of-purchase displays, audiovisual material, symbols, and logos and videotapes” (Kotler, 2000).
2. *Sales promotion* consists of “a diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers of the trade (Blatter and Neslin, 1990). The common platforms for sales promotion are contests, games, sweepstakes, lotteries, premiums, and gifts, sampling, fairs, and trade shows, exhibits, demonstrations, coupons, rebates, low-interest financing, entertainment, trade-in allowances, continuity programs, and tie-ins” (Kotler, 2000).
3. *Public Relations* involve “a variety of programs designed to promote or protect a company’s image or its individual products. The common platforms of public relations are press kits, speeches, seminars, annual reports, charitable donations, sponsorships, publications, community relations, lobbying, identity media, company magazine, and events” (Kotler, 2000).
4. *Personal Selling* is “face-to-face interaction with one or more prospective purchasers for the purpose of making presentation, answering questions, and procuring orders. The common platforms of personal selling are sales presentations, sales meetings, incentive programs, samples, and fairs and trade shows” (Kotler, 2000).
5. *Direct marketing* is “the use of mail, telephone, fax, e-mail, or internet to communicate directly with or solicit a direct response from specific customers and prospects. The common platforms of direct marketing are catalogs, mailings, telemarketing, electronic shopping, TV shopping, fax mail, e-mail, and voice mail” (Kotler, 2000).

### **Demographic**

Kotler (2000) stated that demographic factors are famous for basic distinguishing and easiest to measure the groups of customers regarding their wants, preferences and rates of usage. Demographic factors consist of age, gender, family life cycle, income,



occupation, education, religion, race and nationality (Kotler, 2000). Wang *et al.*, (2010) stated that demographic variables are influenced by marketing mix variables and easy indicators for use in marketing. Demographic factors are important to consider for business process regarding consumer behaviors in making their purchase such as what, how, where and when (Reddy, 2010).

**Age** is one of the factors often used to segment for two purposes as age is the most helpful substitute variable to determine perception, motivation, and interest (Engel, 1993). In this study, age of respondents was divided into four groups, that is 20 and below 20 years old, 21 to 30 years old, 31 to 40 years old and over 40 years old.

Kotler (2000) stated that “consumer wants and abilities change with age”. Different groups of age affects different needs and wants (Kotler, 2000). Age affects individuals’ interests, tastes, purchase, preferences and behavior (Sheth *et al.*, 1999). Age variable can be used for part of the market segmentation especially for niche market (Kanuk & Schiffman, 2004). Age is also a factor that changes the requirements of consumers. The needs of product and service and interests usually vary with the age of consumers (Schiffman & Kanuk, 2000).

**Gender** is named by society in terms of the aspects of biological sex (Jafari, 2000). Because parents treat babies differently because of different sex since they were born, such as given playing things/jobs to be appropriated to men and women. And these different treatments are still with them the whole lives. Thus, this study used gender to test the similarities and differences of respondents in terms of different sexes based on their perceptions of shopping Burmese gems and jewelry products.

“Today, marketers notice an opportunity for gender segmentation. Some manufacturers are designing certain features to appeal to women” (Kotler, 2000). Consumers’ thoughts, values, wants and the decision to buy are influenced by gender-related behavior (Kotler, 1997).

**Income** is “money received as wages, rents, interest, royalties, or proceeds from business” (Henslin, 2002). Purchasing power is based on current income, prices, savings, debt, and available credit (Kotler, 2000). Different levels of income affect individuals’ values, behaviors and life style (Peter and Olsen, 1986). Income is a strong ability to be able to pay for a product or service (Kanuk & Schiffman, 2004). Monthly income influences consumers to determine the places where to shop, amount of spending (Reedy, 2010). Income also affects consumers’ choices to purchase according to the type of products. In addition, income is also an indicator of the ability to buy a product and

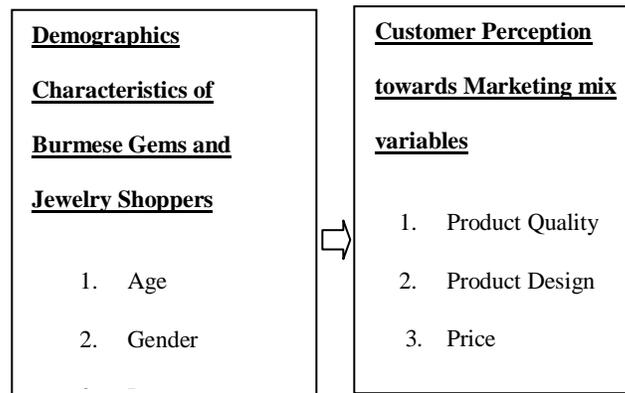
service (Schiffman, 2000). In this study, income refers to the discrimination of respondents' expenditure for paying goods or services.

“**Education** has a strong influence on one's tastes and preferences” (Hawkins *et al.*, 1992). In addition, Skinner (1994) stated that “education also influences how decisions are made”. Education influences consumers' choices (Reedy, 2010). Thus, educational levels are very useful in the market segmentation. In this study, education refers to the levels of education of respondents and whether their educational levels related to their perceptions for paying or evaluating products or services.

## CONCEPTUAL FRAMEWORKS AND RESEARCH HYPOTHESES

**Figure 1: Modify Conceptual Framework**

*Independent variable*      *Dependent variable*



Source: created by the author of this study

Independent variables believed to cause or explain variations in the dependent variables (Shao, 1999). Demographic factors are influenced by marketing mix variables (Wang *et al.*, 2010). Independent variables for this study are demographics factors including gender, age levels, income levels and educational levels.

Dependent variable refers to a concept to be caused or explained by independent variables (McDaniel & Gates, 1998). The dependent variable of this study is marketing mix elements (product quality, product design, price, and promotion) which considered being influenced customers' perception according to the theoretical framework.

The researcher set sixteen hypotheses to test the differences in Burmese gems and jewelry shoppers' perception regarding product quality, product design, price, and promotion when determined by their gender, age, income, and education levels in Mandalay Division, Myanmar.



The researcher applied descriptive research, as this study aims to investigate the differences of consumers' perception and their demographic profile. Zikmund (2003) defined that descriptive research is the research that help to identify the characteristic of consumers a population or a phenomenon and this kind of research seeks to determine the answer to who, what, when, where and how questions. Moreover, descriptive research helped to determine the frequency or relationship between two variables. Therefore, the researcher distributed questionnaires randomly to people buying or dealing Burmese gems and jewelry products at gems and jewelry market at Mahaaungmyay Township in Mandalay division, Myanmar.

The target population of this study is the Burmese gems and jewelry shoppers in Mandalay Division, Myanmar. Therefore, researcher collected the data 385 from respondents at the gems and jewelry market at Mahaaungmyay Twonship, Mandalay Division, Myanmar.

In addition, the researcher applied survey technique, self-administrative questionnaires which the researcher used to collect the information from respondents. These include two techniques which are judgment sampling and convenient sampling.

The questionnaire in this research is comprised of two parts. Part one is the respondents' demographic factors, close-ended question. Respondents' information includes gender, age, current income and education. Part two is about factor affecting the consumers' perception of Burmese gems and jewelry shoppers (product design, product quality, price, and promotion). These two parts comprised a total of 23 questions. All these questions were tested by nominal scale, interval scale and the five-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree). Zikmund (2003) defined that Likert scale is the level of measurement attitudes of respondents which showed the form from negative to positive depending on their opinions.

## **RESULT AND DISCUSSION**

The majority of all respondents were male with 55.1% and most of the respondents are between 21-30 years old with 37.4%. For the monthly income, it is between \$501- \$1,000 with 44.7%. And the highest percentage education level is a college/university degree with 61.0%.

To test the sixteen hypotheses, the data was analyzed by the SPSS program (statistical package of social science). A finding showed that there was a significant difference in consumers' perception between demographic factors; age, income,



education levels and product quality. Moreover, researcher also found there was a difference in consumers' perception between product designs and income levels.

**Table 1: Summary of demographic factors presented by highest percentage**

<b>Demographic Factors</b>	<b>Majority of Respondents</b>	<b>Percentage (%)</b>
Gender	Male	55.1
Age levels	21 – 30	37.4
Income levels (Monthly)	\$ 501 - \$ 1,000 (500,000 Kyat – 1,000,000 Kyat)	44.7
Education levels	College/University	61.0

Source: created by the author for this study

A finding also showed that product design has no significant difference in Burmese shoppers' perception for gems and jewelry products according to their gender, age, and education in Mandalay Division, Myanmar.

Price and promotion have no difference in perceptions among Burmese gems and jewelry shoppers when determined by their gender, age, income, and education levels in Mandalay Division, Myanmar.

## **CONCLUSION AND RECOMMENDATIONS**

The researcher aimed to study the consumers' perception of Burmese gems and jewelry shoppers regarding product quality, product design, price, promotion and their demographic factors includes gender, age, income, and education levels in Mandalay Division, Myanmar. The researcher set sixteen hypotheses to test the differences and discovered that there is a significant difference in Burmese shoppers' perception between product quality and age, income and education levels. In addition, there is a significant difference in perception between product design and education level. Product quality and product design are very important factors in customers' perception in terms of gems and jewelry products. Thus, consumer's behavior is influence by their perceptions which directly affects to revenues of the company. Both customers and company can get



competitive advantages and satisfaction by producing a product with a better quality and good designs.

Data were collected from a total of 385 respondents who have had experienced in dealing Burmese gems and jewelry business. From the result, demographic factors; gender, age, income and education levels, the researcher found that the majority of Burmese gems and jewelry shoppers are male, Burmese, aged between 21 and 30 years, with under-graduate education level, who have monthly income between \$501-\$1,000 (around 500,000 kyat- 1,000,000 kyat). For hypothesis testing, the data were analyzed by using SPSS (statistical package of social science) to test 16 hypotheses. The researcher used Independent t-test and One-way ANNOVA analysis to investigate the relationship between independent variables and dependent variable.

The results of the hypotheses testing show that four null hypotheses out of sixteen were rejected, signaling significant difference in perception between independent and dependent variables. There are twelve hypotheses that show no difference in perception between product quality and gender, product design and gender, age, and education levels, price and gender, age, income, and education levels, and finally promotion and gender, age, income, and education levels, as the null hypotheses failed to reject. The results suggest that the marketing strategies of Burmese gems and jewelry products need to improve to get awareness from customers and potential customers. Therefore, the following recommendations should be made;

## **RECOMMENDATIONS**

The marketing of gems and jewelry products in Mandalay division includes both B2C and B2B. In B2C, vendors sell to individual users who buy them for personal or family users. In B2B, vendors sell to traders who buy them for further reselling or to be used as accessories for further production of higher value-added items. These vendors follow traditional way of selling. They should know the modern concepts of marketing and apply them in marketing their gems and jewelry products.

Product quality has significant difference in Burmese shoppers' perceptions with their age, income, and education levels in terms of Burmese gems and jewelry products. Customers never want to wear gems and jewelry accessories with a low-grade quality because they don't feel proud or high status among their social environment. Wearing jewelry with high-grade quality makes satisfaction and represents their prides among their society. Thus, gems and jewelry accessories are classified into many kinds of categories based on the grade of product quality. Product quality is represented by



reputation, prestige, and trust to the owners of that product. Many researchers confirmed that product quality is an important factor because it responsible for the needs of demand of customers (Russell and Taylor, 2006). Customers always choose gems and jewelry accessories which match their standards. Therefore, vendors of gems and jewelry industry are required to maintain a better quality with different grading levels of categories in order to meet various groups of consumers according to their target market.

Product design significantly has difference in Burmese customers' perceptions for gems and jewelry products when considered by their income levels. Different levels of income affect different individuals' live styles, behaviors and amount of spending (Peter & Olsen, 1986; Reedy, 2010). Customers who earn high income can spend large amount of money on fashion. Trendy customers usually desire to buy products new design, attractive style, and new fashions (Sproles & Kendall, 1986). Generally, customers wear accessories in many kinds of categories in order to match with their styles, fashions, and even among their society. In this case, the researcher would like to recommend that vendors/marketers of Burmese gems and jewelry products to improve and supply variety of their product designs in order to meet the different standard livings and expectations of customers.

Price and promotion have no significant difference in Burmese gems and jewelry shoppers' perception regarding to their gender, age, income, and education level. Thus, the researchers would like to comment that Burmese gems and jewelry vendors/marketers should use the pricing strategies for setting appropriate prices according to product categories and promote to the standard market. Consumers usually make a purchase easily whenever they know the standard price.

They should start by STP (segmentation, targeting, and positioning), to identify their target segments for each kind of gems and jewelry products.

Then they should apply the marketing techniques of creating their marketing program or 4P's (product, price, place, and promotion). They should make their products appealing to the target segments by attractive designs and packaging. They should know the pricing strategies to set appropriate prices for various categories of products. They should know how to distribute their products via push and pull strategies. Finally, they should know how to do promotion or marketing communication to promote the sales of their products.



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