FACTORS INFLUENCING CUSTOMER DECISION MAKING ON DRUGSTORE SELECTION IN BANGKOK AREA.

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ABSTRACT

Drugstore is a retail shop providing medicines, medical supplies, and health care products. There are many reasons on customer decision making on selecting drugstore to be explored. The objectives of this research study were to compare the difference of customer decision making on drugstore selection based on personal factors and to investigate psychological factors and marketing mix factors influencing on customer decision making on drugstore selection in Bangkok area. The research was a survey research with the samples of 400 drugstore customers in Bangkok area determined by purposive sampling based on Taro Yamane formula. Questionnaires were used as a tool for collected data through check list and 5-point Likert scale surveys. Cronbach's alpha coefficient of psychological factors, marketing mix factors, and customer decision making on drugstore selection were 0.906, 0.936, and 0.873, respectively. Data were analyzed by descriptive statistics and inferential statistics including t-test, F-test (One-way ANOVA), the Pearson Product-Moment Correlation, and Multiple Regression Analysis.

The research results presented that customers' opinion on psychological factors, marketing mix factors, and customer decision making on drugstore selectionwere at the high levels with mean scores of 4.06, 4.05,and 4.13, respectively. The research results from hypotheses testing found that psychological factors and marketing mix factors can predict customer decision making on drugstore selection up to 60.70% (Adjusted R-Square 0.607) at 0.05 significant level. Customer decision making on drugstore selection in Bangkok area has not varied according to different personal factors. Psychological factors had statistically significant direct influenced on customer decision making on drugstore selection with standardized coefficients (β) of 0.312.Marketing mix factors had statistically significant direct influenced on customer decision making on drugstore selection with standardized coefficients (β) of 0.561. In conclusion, drugstore should consider psychological factors and marketing mix factors for planning of operation to enhance customer selection on drugstore because customer's decision making on drugstore selection can affect the competitiveness of drugstore in the long run.

Keywords : Psychological factors, Marketing mix factors, Customer decision making

INTRODUCTION

Drugstore is one of the health care business that people familiar with this convenience shop as the alternative to select when they face the preliminary illness. At the present, the number of drugstores are always continually increase and the entrepreneurs of drugstore business will have to confront the higher competition. The opening of ASEAN Economic Community (AEC) makes the drugstore businesses to improve and adjust themselves to changing environment and to maintain good relationship with customers.The decision to select the drugstore of customer is very important. The customer decision making on drugstore selection is based on psychological factors and marketing mix factors. For these reasons, researcher is interested in studying the factors that affect to the decision to select the drugstore of customer in Bangkok area to apply as business policy guidelineand strategy for competitively improving the quality and service of drugstore in the long run.

The research objectives are as follows: (1) to compare the difference of customer decision making on drugstore selection based on personal factors, and (2) to investigate psychological factors and marketing mix factors influencing on customer decision making on drugstore selection in Bangkok area. The suggestion on enhancing customer decision making would be further established to use as guideline on business management. The paper begins with a review of the concepts related to psychological factors and marketing mix factors together with customer decision making on drugstore selectionin order to conceptualize the framework and hypotheses. Next, the research methodology, analysis of data and research findings are presented. Finally, conclusion and discussion of the research results as well as managerial suggestions for future research are recommended.

LITERATURE REVIEW

Customer Decision Making

Decision making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem as stated by Prachi [1]. Decision-making is a recurrent, changeable and sequential process that ranges from quick routine decisions to others that take time, effort and expenses. Mohamed [2] has stated in the book of Customer Behavior that customer decision has two aspects: the process phases; and the factors that influence it. The consumer buying decision process has five stages that are problem recognition, information search, evaluation of alternatives, purchase decision, and post purchase behavior as stated by Sumi and Kabir[3]. In addition, the consumer's buying decision process consists of people or groups that are involved in the purchase decision, in which can be divided into 5 roles that are initiator, influencer, decider, buyer, and user as described by Oblak et al. [4]. Researchers have attempted to analyze several aspects and factors influencing on decision making. Some researchers said that factors influencing decision making factors can be divided into 2 aspects which are external factors and internal factors. For external factors, culture and social factors are influenced the purchasing decision while for internal factors, personal factors and psychological factors are influenced the consumers' purchasing decision as stated by Pongsakorn rungsilp [5]. It can be seen that the consumer decision-making process in choosing to use the services or buying a products, consumers will have levels of decision-making processes based on various reasons such as psychological and emotional feelings or marketing mix factorsfordecision making selectionon different drugstore. The conceptual model of this research was applied decision making theory based on previous researches as well as the researcher's own context. To conclude, from the literature reviews cited above, it can be seen that there are some relationships among psychological factors, marketing mix factors, and consumer decision making to further investigate and conceptualize in the conceptual model with hypotheses development.

Psychological Factors

Psychology is the study of behavior and psychological processes of an individual as stated by Sereerat [6]. Famous psychologist namely Abraham Maslow theorized that people have to fulfill their basic needs, like the need for food, water, and sleep, before they can begin fulfilling higher-level needs. Psychology is the science of the study of the mind, the processes of the mind, thinking process, the application of knowledge and various human activities that occur in daily life, including the decision making to buying a products of consumers which influenced by psychological factors, which is considered as an internal factors affect consumers behavior. In general, psychological factors consist of motivation, perception, learning, and personality. There is also an attitude which is based on beliefs that influence the customer's decision making on drugstore selection. The conceptual framework of this research was applied psychological factors based on previous researches as well as the researcher's own context including motivation, perception, learning, attitudes and beliefs. Motivation is the inward drive we have to get what we need. Perception is how you interpret the world around you and make sense of it in your brain. Learning is the process by which consumers change their behavior after they gain information about or experience with a product. Attitudes and beliefs are the "mental positions" people take based on their values and beliefs. Attitudes tend to be enduring and are often difficult for companies to change as stated by Tanner and Raymond [7]. From the literature reviews, it was seen that there are some relationship among psychological, marketing mix, and decision making to further explore and conceptualize in the conceptual model with hypotheses development.

Marketing Mix Factors

Kotler and Armstrong described in the Book of Principle of Marketing and defined the definition of marketing mix as the set of controllable variables that the firm can use to influence the buyer's response[8]. In the past, the marketing mix had only 4 variables (4P's) that were product, price, place, and promotion. Later,there were three additional variables including people, process, and physical environment to comply with important concepts in modern marketing, it can be called 7P's marketing mix.The marketing mix is a marketing tool that the business uses to meet its target marketing objectives as stated by Phoomivuthisarn [9]. It consists of 7 important marketing strategies. Product included physical products the business offered to the customers in order to fulfill their needs. Price is the amount of money the customers willing to paid on purchasing products. Place is the channel of placing their products to the targeted market. Promotion is the activity of communicating the customers to make decision as stated by Armstrong, Adam, Denize, and Kotler [10]. People are employees who deliver the products. Process is an entire system on the business running. Physical environment is the presence in the marketplace or branding. This research aims to study marketing mix factors that influencing customer decision making on drugstore selection in order to set marketing mix strategies that are suitable for the business planning. As many research studies show that there are the relationship between marketing mix factors and decision making behaviors. Consequently, this study aimed to investigate such relationship.

CONCEPTUAL MODEL AND HYPOTHESES

From the reviews of the literature, the conceptual framework of this research study was presented in Figure 1. It describes the factors influencing customer decision making on drugstore selection in Bangkok area. The conceptual framework has been tested on the basis of the bodies of literature including customer decision making, psychological factors, and marketing mix factors, as well as the researcher's own context about the relationship among variables. Base on the reviews of the literature of the constructs with the conceptualization of
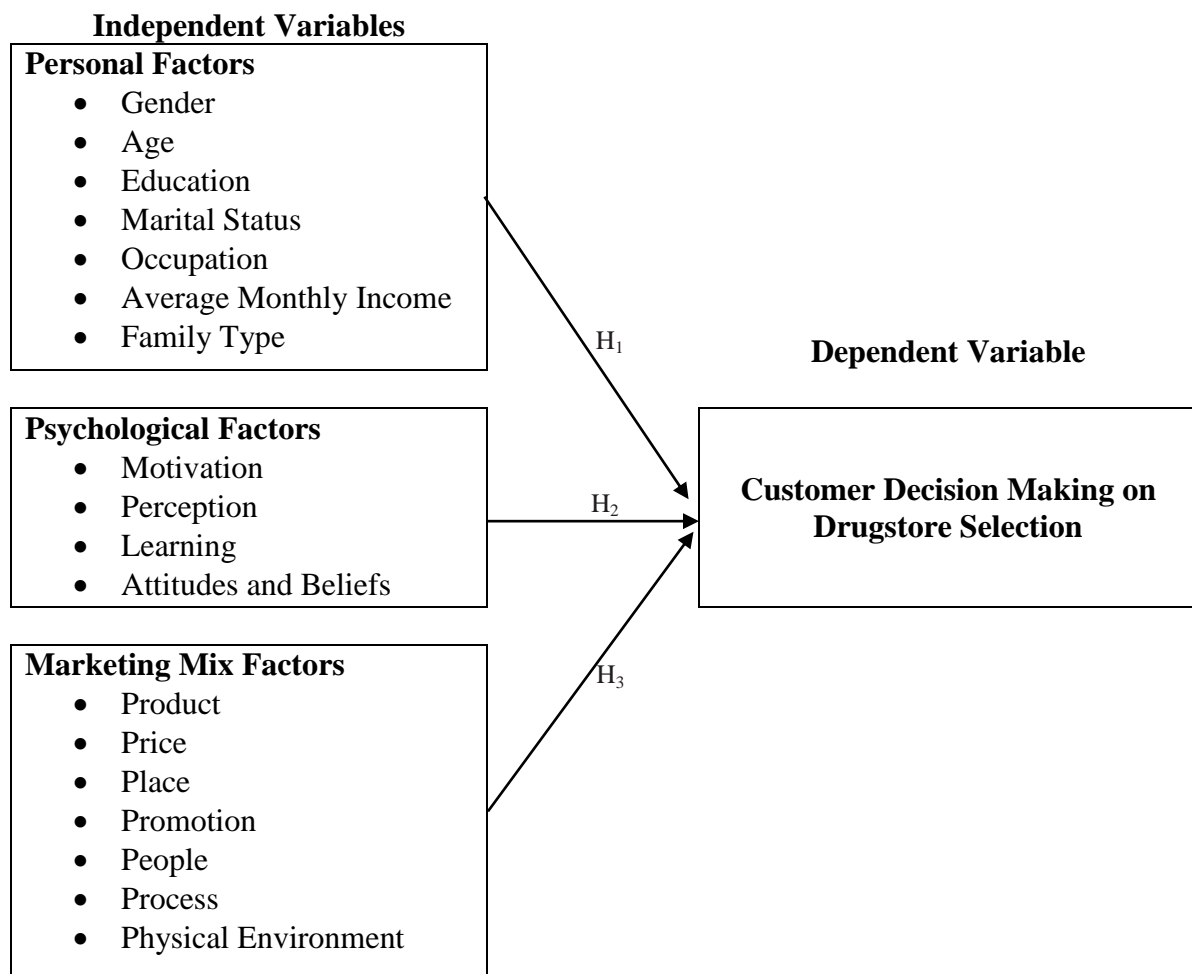
the relationships among variables, the hypotheses suggested by the conceptual framework can be stated as follows:

H_1: Customer decision making on drugstore selection in Bangkok area has varied according to personal factors.

H_2: Psychological factors had significantly positive influenced on customer decision making on drugstore selection in Bangkok area.

H_3: Marketing mix factors had significantly positive influenced on the customer decision making on drugstore selection in Bangkok area.

Figure 1
Research Conceptual Framework

Independent Variables

Personal Factors
- Gender
- Age
- Education
- Marital Status
- Occupation
- Average Monthly Income
- Family Type

H_1

Dependent Variable

Psychological Factors
- Motivation
- Perception
- Learning
- Attitudes and Beliefs

H_2

Customer Decision Making on Drugstore Selection

Marketing Mix Factors
- Product
- Price
- Place
- Promotion
- People
- Process
- Physical Environment

H_3

The research hypotheses can be presented in the forms of structural equations in order to describe the relationship among variables and predict the dependent variable for hypotheses testing. The symbols used to represent the variables stated as follows:

PSY   =   Psychological Factors
MAR   =   Marketing Mix Factors
DECI   =   Customer Decision Making on Drugstore Selection

The structural equation can be explained asfollows:

DECI   = β_1 PSY   ……….. (1)
DECI   = β_2 MAR   ……….. (2)

RESEARCH METHODOLOGY

This research study aimed to compare the difference of customer decision making on drugstore selection based on personal factors and to investigate psychological factors and marketing mix factors influencing on customer decision making on drugstore selection in Bangkok area. The research was a survey research with the samples of 400 drugstore customers in Bangkok area determined by purposive sampling based on Taro Yamane formula [11]. Questionnaires were used as a tool for collected data through check list and 5-point Likert scale surveys. Content validity was applied to ensure the accuracy of a measurement tool. Cronbach's alpha was conducted to test for reliability with cronbach's alpha coefficient of psychological factors, marketing mix factors, and customer decision making on drugstore selection were 0.906, 0.936, and 0.873, respectively as shown in Table 1. The cronbach's alpha value of the scale of all variables is greater than 0.700, so it shows that the scale has very good reliability. Data were analyzed by descriptive statistics and inferential statistics including t-test, F-test (One-way ANOVA), the Pearson Product-Moment Correlation, and Multiple Regression Analysis. The research results can be significantly analyzed with 95% confidence interval.

Table 1
Cronbach's Alpha Coefficient of Variables

Variables	Cronbach's Alpha
Psychological factors	0.906
Marketing mix factors	0.936
Customer decision making on drugstore selection	0.873

RESULTS

The research results were analyzed by using the statistical package for social science. The research results and hypotheses testing in this research study were presented as follows.

For description of the respondents, the research finding revealed that the survey data of drugstore customers in Bangkok area were made up of 66.30% female. The averages age of customers were in between 31-40 years up to 38.80%. For the education, most of customers had earned Bachelor's Degree up to 45.30%. Most customers are single up to 73.30%. For occupation, they are staff or private company employee up to 35.80%. The average monthly income is in between 10,001-20,000 Baht up to 36.00%. Family type is single family up to 76.00% as stated in Table 2.

For descriptive statistics, the collected data were analyzed by using means and standard deviation. The means score of customers' opinion on psychological factors was at a high level with mean score of 4.06; marketing mix factors was at a high level with mean score of 4.05; and customer decision making on drugstore selection were at a high level with mean scores of 4.13. To explain in details; motivation, perception, learning, attitudes and beliefs mean scores were at 4.06, 4.08, 4.08 and 4.03, respectively. In addition, product, price, place, promotion, people, process, and physical environment mean scores were at 4.12, 3.95, 4.04, 4.02, 4.06, 4.08 and 4.07, respectively.

For inferential statistics, the analysis of the correlation coefficient between the two independent variables was explored. Pearson's Product-Moment Correlation was used to

determine the relationship of the independent variables. The objective was to find the levels of correlation among the variables and to test for Multi-collinearity. Thus, correlation analysis between the independent variables was shown in Table 3. As Table 3 described the relationship between the independent variables that correlation coefficients (r) are not exceed 0.800. As Hair et al. [12] stated that the relationship between the variables that must be less than 0.800 otherwise it may cause Multi-collinearity. This research shown that the relationship between the independent variables with the highest value of 0.563, which was not exceed 0.800, accordingly multi-collinearity problem was not found. Therefore, it can be tested by using Multiple Regression Analysis in order to investigate the factors influencing customer decision making on drugstore selection in Bangkok area.

The research results from hypotheses testing on the factors influencing customer decision making on drugstore selection in Bangkok area were presented in Table 4.The hypotheses testing found that psychological factors and marketing mix factors can predict customer decision making on drugstore selection in Bangkok area up to 60.70% (Adjusted R-Square 0.607) at 0.05 significant levels. In addition, the hypotheses testing shown thatcustomer decision making on drugstore selection in Bangkok area has not varied according to different personal factors.

Table 2
Description of the Respondents

n = 400

Demographic Information		Numbers of Respondents (NR)	Percentage of NR to Number of TR*
Gender	Male	135	33.80 %
	Female	265	66.30 %
Age	Under 20 Years	58	14.50 %
	21-30 Years	114	28.50 %
	31-40 Years	155	38.80 %
	41-50 Years	38	9.50 %
	51-60 Years	25	6.30 %
	Over 61 Years	10	2.50 %
Education	Junior High School	42	10.50 %
	Senior High School	141	35.30 %
	Bachelor's Degree	181	45.30 %
	Master Degree	26	6.50 %
	Above Master Degree	8	2.00 %
	Others	2	0.50 %
Marital Status	Single	293	73.30 %
	Married	67	16.80 %
	Divorced / Widowed	18	4.50 %
	Separated	22	5.50 %
Occupation	Housekeeping	20	5.00 %
	Student	100	25.00 %
	Government Official	38	9.50 %
	State Enterprise Employee	23	5.80 %
	Staff / Private Company Employee	143	35.80 %
	Private Business / Freelance	68	17.00 %
	Others	8	2.00 %

Average Monthly Income	10,000 Bath or Below	60	15.00 %
	10,001–20,000 Bath	144	36.00 %
	20,001–30,000 Bath	123	30.80 %
	30,001–40,000 Bath	48	12.00 %
	40,001–50,000 Bath	15	3.80 %
	Above 50,000 Bath	10	2.50 %
Family Type	Single Family	304	76.00 %
	Extended Family	96	24.00 %

* TR denotes total respondents.

Table 3
Correlation Analysis between Independent Variables

	PSY	MAR	DECI
MEAN	4.06	4.05	4.13
S.D.	0.624	0.490	0.613
PSY	1		
MAR	0.563**	1	
DECI	0.628**	0.736**	1

**. Correlation is significant at the 0.01 level

Table 4
Research Results from Hypotheses Testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Beta	**Std. Error**	**Beta**		
H$_2$: PSY→DECI	0.306	0.037	0.312	8.203	0.000***
H$_3$: MAR→DECI	0.702	0.048	0.561	14.763	0.000***
Adjusted R^2 = 60.70%	**S.E.E = 0.384**			**F = 308.787**	

***. Predictor is significant at the 0.000 level

In addition, the research results from hypotheses testing can be described in the following structural equations as presented below:

$$\text{DECI} = 0.312\,\text{PSY} \qquad \dots\dots\dots (3)$$
$$(8.203)$$
$$\text{DECI} = 0.561\,\text{MAR} \qquad \dots\dots\dots (4)$$
$$(14.763)$$

The hypotheses testing found that psychological factors had statistically significant direct influenced on customer decision making on drugstore selection with standardized coefficients (β) of 0.312. Marketing mix factors had statistically significant direct influenced on customer decision making on drugstore selection with standardized coefficients (β) of 0.561. To conclude, drugstore should consider psychological factors and marketing mix factors for setting business strategies and planning of operation in order to enhance customer selection on drugstore to increase the competitiveness of drugstore in the long run.

CONCLUSIONS

From the results of this research study,it was found that different personal factorshad not significantly different opinion on customer decision making on drugstore selection in Bangkok area. However, the results revealed that psychological factors and marketing mix factors had statistically significant positive influenced customer decision making on drugstore selection in Bangkok area. Therefore, the results of this research can be used as business guidelines for drugstore operators to plan for operations. It seems to be that the research results formulate marketing strategies and make business competitiveness for drugstore entrepreneurs, especially for the new comers. However, there are still many other factors that can influence customer decision making on drugstore selection such as service quality and people satisfaction, in which requires further research.

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