

Effect of Customer Integrated Marketing Communication to Marketing Performance of Drugstore Business in Thailand

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Abstract

The lack in the understandability of the customer integrated marketing communications and the buying behavior of the consumers can be an obstacle in the enhancement of industries in the developing countries. In this research, the author has analyzed the impact that customer-IMC plays on the achievement of marketing outcomes in the pharmaceuticals in Thailand through the usage of mediation roles of three consumer buying behavior dimensions. For the purpose of conducting this cross-sectional study, 419 responses were included in the study at the end of data collection step and these responses were then coded and tested through various statistical testing methods. All the hypotheses formulated in this study were proved to be accepted and the mediation results came out to be positive and significant. This study has several theoretical and practical implications that have been summarized by the author. Moreover, future research directions and opportunities have also been highlighted.

Keywords: Customer-IMC, Customer Satisfaction, Marketing Performance, Repurchase Intention, WOM.

INTRODUCTION

The markets in the developing countries have a potential for growth and show an increase of interest in the phenomenon that can help them improve their marketing outcomes opening up the gateway for new research areas (Wagner Mainardes, de Almeida, & de-Oliveira, 2019). In the past the focus of marketing research has been on the developed countries (Schultz & Malthouse, 2017) but in the near future, the developing economies will become very important for the global business landscape (Wagner Mainardes et al., 2019) making it vital to explore the IMC implementation in industries of developing countries. The concept of communication underlines the fact that the needs of a customer are relevant (Bruhn & Schnebelen, 2017; Finne & Grönroos, 2009; Kliatchko & Schultz, 2014; Mihart, 2012). Table 1 shows the benefits that customer-IMC provide. Customer orientation, as a part of the marketing campaigns, allows the firms to be in the knowledge of the customer information, which allows the firms to satisfy the needs, wants and interests of their customers that will better satisfy customer needs and interests. Moreover, it facilitates the understanding of how the management of communication needs to take place. The integration of customer, in the communication process, is much more important than the integration of any other aspect. Involving the customer in the communication process has a positive impact on the experiences and satisfaction levels of the customer, leading to an increase in repurchase behavior and generation of social capital through positive WOM. Customer satisfaction is reflected as contentment of the customer with a product and improves the marketing performance. Similarly, WOM and repurchase intentions also improve the overall gain in marketing performance measure.

Clarity	Consistency	Synergy
Avoidance of conflicting messages	All messages convey core brand attributes that appeal to customer needs	Messages reinforce the impact of each other

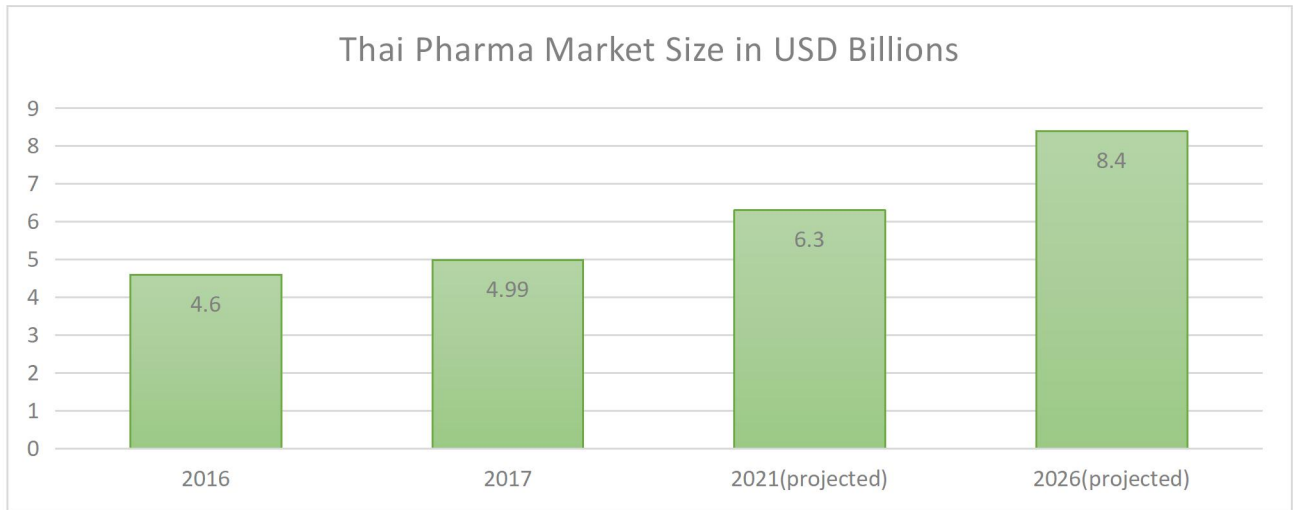
Table 1: Benefits of IMC

Pharmaceutical industry of ASEAN region is rapidly growing and Thailand's pharmaceutical market was valued at about 5 billion in USD in the year 2017. The graph 1 shows the projection of this growth in the year 2026 to be about 8.4 billion USD. The growth of the pharmaceutical sector can be attributed to the aging, wealthy population and the large

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medical tourism sector in Thailand. However, there is lack of customer oriented IMC practices in this industry and the practitioners need to indulge into this phenomenon to improve their sale. The previous studies support the fact that customer-IMC can improve



Graph 1: Thai Pharmaceutical Market Snapshot

marketing outcomes like increased sales, improved satisfaction and increased profit generation (Finne & Grönroos, 2017; Porcu, del Barrio-García, Alcántara-Pilar, & Crespo-Almendros, 2019; Valos, Habibi, Casidy, Driesener, & Maplestone, 2016). The main objective of this research, is therefore, to analyze the impact that customer IMC has on the improvement of marketing performance in Thai pharmaceutical industry, under the mediation of consumer buying behavior dimensions. The previous studies in this area (Payne, Peltier, & Barger, 2017; Valos et al., 2016) have had various implications of theoretical, practical and policy based orientations. The rest of this paper includes literature review, methodology, results and analysis and discussion and conclusion.

1 Literature Review

1.1 Theoretical Background

Theories of consumer behavior are responsible for addressing important issues like the consumer buying behavior and the reasons behind the action of consumers regarding the role that emotions play in purchasing decisions, post-purchase behaviors, and the role of utility associated with the bought object. Understanding these issues enhances a marketing campaign's effectiveness and its impact on consumers. Marketers use numerous consumer behavior models to determine consumer behavior, one of which is the Engel, Kollatt, & Blackwell (EKB) model for decision-making which has served as the basis of the core theory of consumer behavior (Ashman, Solomon, & Wolny, 2015). This theory basically expands the TRA (Theory of Reasoned Action), by laying out a five steps process that the consumer uses while making a purchase. These steps are outlined below (Wu & Zheng, 2016):

- First step is input, in which the consumer absorbs the information presented for the purpose of marketing the product
- After data collection, the consumer moves into information processing phase in which the consumer compares the input to past experiences and expectations.
- Consumers then move to the stage of decision-making after careful analysis about how to make a purchase based on insight.
- The other two stages are the formation of internal decisional variables, such as the beliefs, attitudes, intentions and lifestyle, and the external variables, such as the influences of family, culture and society. These are the variable which influence the decision making process of purchase (Lennon, 1989).

The initial information stage and the external influences are the two most important phases for the marketers and they can be utilized to influence the buying behavior of consumers.

1.2 Customer IMC and Marketing Performance

Performance is a unit which is used to measure the achieved results and it is used to measure how successfully a group of people perform (Harbour, 2017). Marketing performance is the measure of the outcomes of a set of objectives related to marketing. Researches have indicated the need to explore the effectiveness of customer-based IMC to measure marketing performance (Al Khattab, As'ad, & Zaidan, 2015; Foroudi, Dinnie, Kitchen, Melewar, & Foroudi, 2017; Vantamay, 2011). IMC is a customer-oriented process which is used for the management of relationships of consumer that are responsible for driving brand value. It is responsible for creation of a profitable relationship with the consumers (Porcua, del Barrio-García, Kitchen, & Tourkyd). IMC is centered on the customers, according to academics and the practitioners of marketers (Bruhn & Schnebelen, 2017; Kliatchko & Schultz, 2014). Customer IMC aims to highlight the fact that the integration of two-way communication processes helps to enhance the outcomes of the marketing process (Bruhn & Schnebelen, 2017; Finne & Grönroos, 2009). According to Šerić (2018), the IMC concept has become broadened from a simplistic tactical instrument to a complex business process (Kitchen, 2017) in terms of managerial orientation, whereas from the customer orientation, IMC is more concerned with the personnel relationships and issues (Kliatchko & Schultz, 2014). Integration of simple marketing communications can lead to improvements in the marketing gains like increase in sales on the consumer end (Baker & Saren, 2016; Finne & Grönroos, 2009; Mihart, 2012). The researcher has therefore, presented the following hypothesis:

H1: Customer IMC has a significant positive impact on the marketing Performance.

1.3 Mediation impacts of Consumer Buying Behavior Dimensions

In this study, the researcher has selected three dimensions of consumer buying behavior to test their mediation roles between the customer-oriented IMC practices and the marketing performance. One of these is customer satisfaction which has been considered as a marketing based construct in the past studies (Beckers, Van Doorn, & Verhoef, 2018; Rubera & Kirca, 2017) and has shown to impact the outcomes like enhancing sales and firm performance. The author proposes that the impacts of customer-IMC can improve customer satisfaction, which in return improves marketing performance:

H2: Customer Satisfaction plays a mediating role between customer IMC and marketing performance.

WOM serves as a tool of advertising and sharing the point of views between customers of a product (Jung & Kim, 2012), specially the e-WOM serves as a source of comments and views of people regarding different platforms and products on social media, which allows the shaping of buying intentions. According to Charlton (2015), approximately 61% people around the world give importance to e-WOM for making their purchase choices. Similarly, Roy, Datta, and Mukherjee (2019) claimed that WOM has the potential to generate purchase outcomes. The customer-IMC can help generate positive experiences in the customers, improving quality and quantity of WOM, which in turn improves marketing performance.

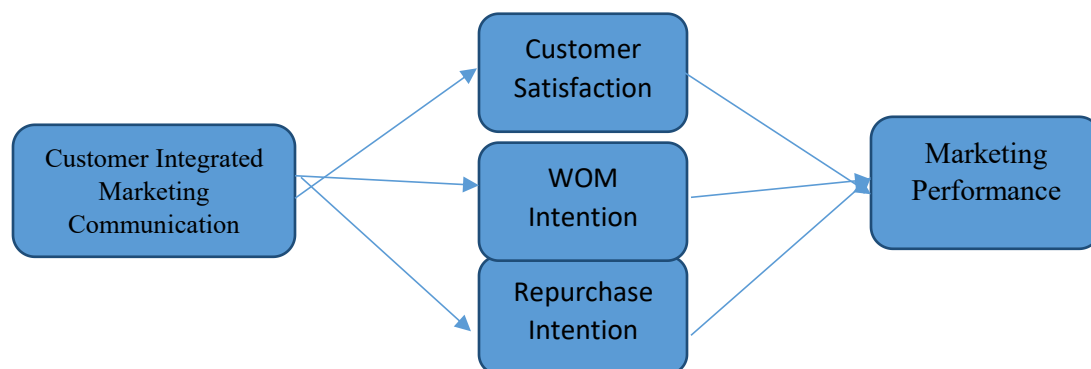
H3: WOM Intention plays a mediating role between customer IMC and marketing performance.

Past researches show that intention is a predictor of behavior, therefore the repurchase intentions (RPI) of the customers have been integral to the research regarding behavior of customers (Schultz & Malthouse, 2017; Vollero, Schultz, & Siano, 2019). RPI is the reflection of the decision of repurchasing from a particular brand based on the perceptions of the individual about the products of that brand (Ahmad, Jun, Khan, Abdullah, & Ghauri, 2016). IMC is responsible for the creation of a trustful and customer oriented communication channel (Bruhn & Schnebelen, 2017; Moon, Costello, & Koo, 2017) which can enhance repurchase intentions, that can in turn impact the marketing performance.

H4: Repurchase Intension plays a mediating role between customer IMC and marketing performance.

1.4 Research Model

The presented hypotheses in this section have led to the formation of the following research model.



2 Methodology

2.1 Population and Sampling

Instrument of online questionnaire has been used to collect the data for this study. Industrial Census of Thailand, 2017, has been used as a sampling frame. First of all, a list of firms was extracted from the sample frame that had been implementing customer oriented IMC activities for a time frame of more than a year. In the next step, random sampling techniques were used to isolate 30 registered pharmaceutical firms in Thailand. Representatives were selected from each of these firms and by usage of snowball technique, these 30 representatives were asked to get 50 surveys filled by their colleagues from the industry, belonging to middle or top level management and the researcher gave them a time frame of 3 weeks. After 3 weeks 512 responses were received and the researcher sent out reminders to the representatives, giving them time of 2 more weeks. At the end of the total of 5 weeks wait period, 623 surveys were returned. 419 of the respondents were the selected on the basis of being compete and valid samples while the rest were discarded. Moreover, it was made sure that the respondents had been working at their current positions for more than a years.

2.2 Data Collection Procedure

Online questionnaire based survey was selected as the medium for the collection of data. Conducting a survey through questionnaires was thought to be the most appropriate and suitable instrument for the purpose of collecting data as it allows the respondents to remain objective and large samples can be collected using this method (Evans & Mathur, 2005; Van Selm & Jankowski, 2006). The information that was gathered included demographic details of the respondent, their perceptions and knowledge regarding various variables of the study and the emotions that they had about each variables importance. A pretest was arranged with 25 respondents for the purpose of verifying the understandability and structural validity as well as the relevance of the questionnaire. The author of this research had to modify a few items of the questionnaire to have more relevance and improve understandability. Moreover, the pretest facilitated the removal of item bias and measurement scales were improved. In addition the questionnaire was evaluated for appropriateness of content and language by the help of peer researchers, language professors and industry practitioners.

2.3 Measures

For the purpose of this study, the measurement items were majorly adopted with the help of numerous previous studies. The constructs were measured using the five-point Likert-type scales that range from “strongly disagree” to “strongly agree”. Customer oriented IMC is the independent variable in this study which was evaluated using 5 items included in the questionnaire. WOM, repurchase intentions and customer satisfaction are the mediating variables in this study which were evaluated using 3, 3 and 4 items respectively. These variables were developed using the research work of Butkouskaya, Llonch-Andreu, and Alarcón-del-Amo (2020). The three items for measuring Marketing performance were written by the author of this study.

3 Results and Analysis

The sample consists of 419 respondents working in the Thai pharmaceutical firms. The sample consists of 55.4 percent are male and 44.6 female respondents. 73.5 percent of the sample is aged up to 35 and 42% have experience between 2-5 years. The descriptive analysis of the data is presented in table 1. The minimum and maximum are according to the limits of the Likert scale (1-5), therefore no outliers were detected in the data. Skewness measures show that coefficients of all scale items are within the -1+1 range, therefore the data follows a normal distribution.

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
MarkPerf	419	1.00	5.00	3.3019	.97509	-.355	.119
CusIntMC	419	1.00	5.00	3.5421	1.14977	-.578	.119
WoMIn	419	1.00	5.00	3.2615	1.12808	-.335	.119
CusSat	419	1.00	5.00	3.5507	1.13277	-.464	.119
RepOri	419	1.00	5.00	3.3667	1.14404	-.461	.119
Valid N (listwise)	419						

The KMO and Bartlett’s test was designed for the purpose of analyzing sample adequateness and the results in table 2 confirm that the sample is adequate and unrelated. The data is fit for factor analysis because KMO has value .920 which is above the threshold and Bartlett’s sphericity shows significance lower than 0.05.

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.920
Bartlett's Test of Sphericity	Approx. Chi-Square	7034.336
	df	153
	Sig.	.000

The component loadings of all scale items is presented in table 3 show that each scale item represents its contribution in the overall variance of the construct since all are greater than 0.7 (Hassan, Hameed, Basheer, & Ali, 2020; Iqbal & Hameed, 2020) and therefore, significant. The factors haven't been observed to cross-load against each other as well.

Table 3: Rotated Component Matrix^a

	Component				
	1	2	3	4	5
MP1					.769
MP2					.774
MP3					.821
CI1	.843				
CI2	.841				
CI3	.837				
CI4	.883				
CI5	.905				
WM1			.835		
WM2			.863		
WM3			.856		
CS1		.821			
CS2		.845			
CS3		.869			
CS4		.850			
RO1				.791	
RO2				.792	
RO3				.829	

Discriminant validity ensures that scale items are not correlated significantly and convergent validity checks for internal consistency and variance in the scale constructs. As table 4 demonstrates convergent validity since both CR and AVE are lying in threshold. The MSV values are less than the AVE values and self-correlation coefficients are also higher than those of the variable-variable correlation. Therefore discriminant validity is also present.

Table 4: Convergent and Discriminant Validity

	CR	AVE	MSV	CS	MP	CI	WM	RO
CS	0.925	0.755	0.356	0.869				
MP	0.818	0.601	0.356	0.597	0.775			
CI	0.959	0.824	0.284	0.488	0.505	0.908		
WM	0.921	0.795	0.503	0.308	0.332	0.493	0.891	
RO	0.933	0.823	0.503	0.461	0.510	0.533	0.709	0.907

Table 5: Confirmatory Factors Analysis

Indicators	Threshold range	Current values
CMIN/DF	Less or equal 3	2.271
GFI	Equal or greater .80	.929
CFI	Equal or greater .90	.977
IFI	Equal or greater .90	.977
RMSEA	Less or equal .08	.055

The model fitness is established on the basis of CFA results and table 5 shows that the current values are in accordance with the prescribed limits i.e. data is well represented by the model in figure 1.

Figure 1: CFA

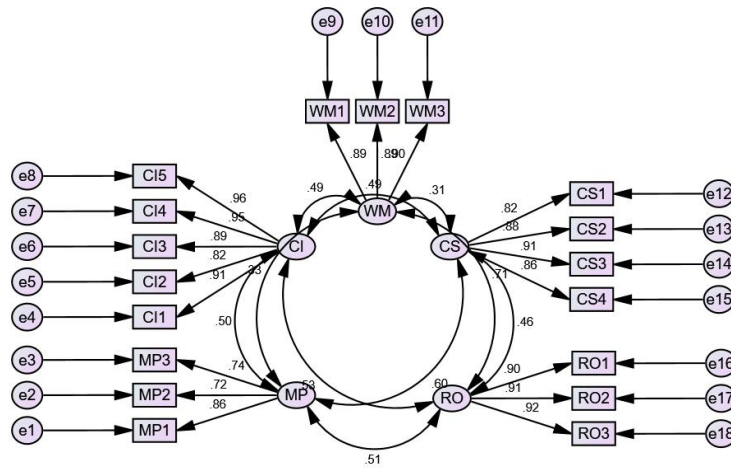
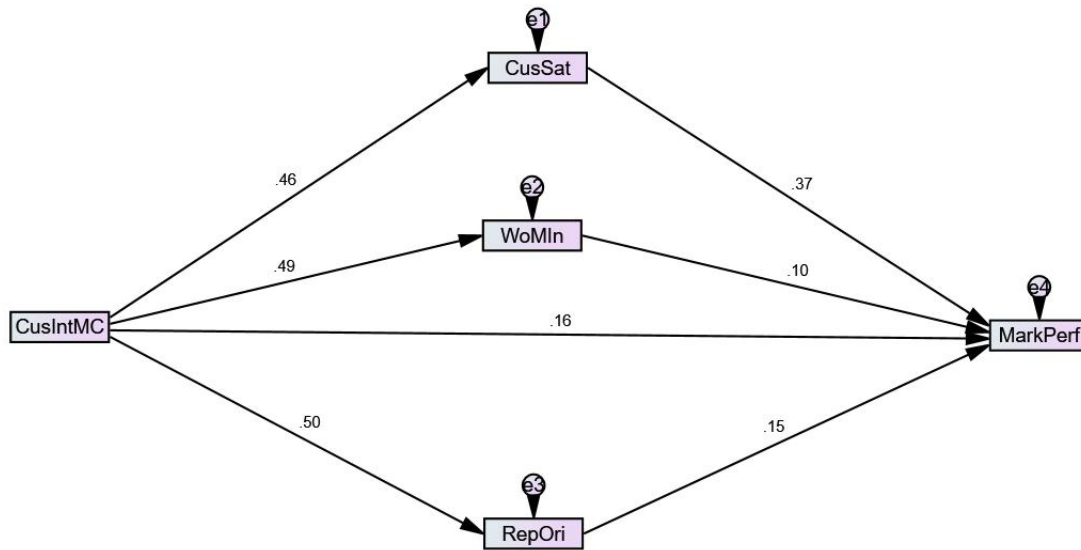


Table 6: Structural Equation Modeling

Total Effect	CusIntMC	RepOri	CusSat	WoMIn
RepOri	.498***	.000	.000	.000
CusSat	.456***	.000	.000	.000
WoMIn	.487***	.000	.000	.000
MarkPerf	.450***	.146**	.368**	.099*
Direct Effect	CusIntMC	RepOri	CusSat	WoMIn
RepOri	.498***	.000	.000	.000
CusSat	.456***	.000	.000	.000
WoMIn	.487**	.000	.000	.000
MarkPerf	.161**	.146**	.368**	.099*
Indirect Effect	CusIntMC	RepOri	CusSat	WoMIn
RepOri	.000	.000	.000	.000
CusSat	.000	.000	.000	.000
WoMIn	.000	.000	.000	.000
MarkPerf	.289**	.000	.000	.000

The table no.6 summarizes the hypothesis testing, done through structural equation modeling. The results clearly show that there is the direct impacts of CustIntMC is positive and significant on MarkPerf with an impact of approximately 16%. The mediation impacts of CusSat, WoMIn and RepOri are also significant and positive. RepOri improve the impact of CustIntMC on MarkPerf by 14.6%, CusSat by 36.8% and WoMIn by 9.9%.

Figure 2: SEM



4 Discussions and Conclusion

To investigate the impact of the customer-IMC on the performance of marketing processes in pharmaceuticals of Thailand was the basic motive behind this research. The author of this research formulized four hypotheses that were tested using various analytical techniques. The first hypothesis was used to test direct impact of customer-IMC on the performance of marketing processes and the other three were used to test mediating impacts of consumer buying behavior orientations. The analysis and results section shows results for all of these hypotheses to be accepted with positive and significant effects. Similar results were presented in a number of studies (Butkouskaya et al., 2020; Mihaela, 2015; Mihart, 2012). These results show that customer satisfaction, repurchase intentions and WOM can be enhanced by customer-IMC and these can in turn impact the performance of marketing processes. Pharmaceuticals in Thailand are a growing industry that needs to incorporate the customer-IMC in their marketing plans. The data for this study has been collected from middle and top level employees in Thailand’s pharmaceuticals and a total of 419 respondents were included in this study. The data was carefully collected and analyzed using SPSS and AMOS. The results showed that if the IMC processes are made customer oriented, then the marketing outcomes can be improved by enhancing the satisfaction of the customers, their intentions to share positive experience and to repurchase.

This study has several implications in theoretical, practical and policy making contexts. Deep literature review has been presented that can be used by fellow researchers for clarifying their concepts for their own researchers. In addition, it provides the pharmaceutical companies with guidelines and insights that can help them to recognize and improve the usage of IMC and make it customer-oriented. The government officials can also use this study to guide policy designs for communication laws among firm in their jurisdiction. It is also important to consider few limitations for the improvement and enhancement of future research in this area of study. Some of the limitations and boundaries of this particular research are based on the fact that the population taken for this research is very small and the results can prove to be geographically biased. This limitation implies that in future, researchers should consider conducting similar research taking region level data. This was a cross-sectional study so in the future testing can also be done in longitudinal approaches. In addition, other dimensions of consumer buying behavior should also be tested for their mediation impacts.

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