CONSUMER BEHAVIORAL AND MARKETING MIX FACTORS INFLUENCING ON DECISION MAKING OF BUSINESS LOAN SERVICE SELECTION OF SMALL AND MEDIUM ENTERPRISE IN SAKON NAKHON PROVINCE

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ABSTRACT

Small and medium-sized enterprises play an important role in economy, particularly in developing countries. Business operation and expansion need to request for credit granting due to small scale enterprise. The major factors affecting on business loan selection were behavior and marketing mix, which small and medium enterprises make decision on credit service. Most small and medium businesses in Thailand have realized such vital factors and explore the effects on decision making of business loan requisition. The research study was aimed to investigate consumer behavioral and marketing mix factors influencing on decision making of business loan service selection of small and medium enterprise in Sakon Nakhon Province, Thailand. This research study was a quantitative research method. The population of the research was credit small and medium enterprises in Sakon Nakhon Province with the samples of 385 respondents determined by using simple random sampling based on Cochran formula. Data were collected through 5-point Likert scale questionnaire surveys. Cronbach's alpha coefficient of marketing mix factor and decision making of business loan service selection were 0.952, and 0.901. 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 results of this research study revealed that entrepreneurs' opinion on marketing mix factor and decision making of business loan service selection of small and medium enterprises were at high levels with mean scores of 3.84, and 3.87, respectively. The research results from hypotheses testing shown that seven dimensions of marketing mix factor can predict decision making of business loan service selection up to 43.60% (Adjusted R-Square 0.436) at 0.05 significant levels. Decision making of business loan service selection has statistically different on loan payment channel. The marketing mix factor had statistically significant positive influenced on decision making of business loan service selection with standardized coefficients (β) of 0.575. Analysis in detail, the results of this study found that dimensions of marketing mix factors; people, process, and promotion, had statistically significant positive influenced on decision making of business loan service selection with standardized coefficients (β) of 0.258, 0.218 and 0.178, respectively. In conclusion, marketing mix factors had significantly influenced on decision making of business loan service selectionof small and medium enterprise in Sakon Nakhon Province, Thailand leading enterprises prudently consider on such important factors in order to make appropriate business loan decision.

Keywords–Consumer Behavioral Factor, Marketing Mix Factor, Decision Making

INTRODUCTION

Background

Small and medium-sized enterprises (SMEs), as small scale companies, request for credit granting to expand their businesses. The key factors on business loan service selection of SMEs seem to be consumer behavior and marketing mix. Although the influence of seven dimensions of marketing mix factor on decision making of business loan service selection is well explored, a context of small and medium enterprise in Sakon Nakhon Province, Thailand remains unclear. The importance of the above reasons is the cause of the research. The objectives of this research study are as follows. (1) To investigate the difference of decision making of business loan service selection based on consumer behavioral factor of small and medium enterprise in Sakon Nakhon Province, Thailand.(2) To explore the influence of seven dimensions of marketing mix factor on decision making of business loan service selection of small and medium enterprise in Sakon Nakhon Province, Thailand. (3) To apply the results of the research study as guidelines in determining the strategies for understanding consumer behavior and marketing mix for small and medium enterprise in the Thailand. The paper begins with a review of the concepts related to consumer behavioral factor and marketing mix factor affecting on decision making of

business loan service selection in order to conceptualize the model and test the hypotheses. Next, the research methodology, analysis of data and findings are described. Finally, conclusion and discussion of the research results as well as suggestions for future research are presented.

LITERATURE REVIEW

Consumer Behavioral Factor

Consumer behavior has definitely been in a transition in recent years. It's significant to understand consumer behavior and having the best known of consumer needs as it's essential for making key decisions on loan granting. Today consumer behavior is often more complex than that in the past. The firms are adapting strategies and the way to deliver products and services to the customer needs in order to attract potential and to retain existing customers as stated by Westerman, G. et al. [1]. The conceptual model of this research was used consumer behavioral factors analyzed from many previous researches in which the behavioral factors further characterized by nine components as follows: financial institution, reason for loan selection, loan credit limit, installment period, interest rate type, installment per month, loan collateral per loan limit, payment channel, and loan information. The financial institution needs to carefully considering the consumer behavior in order to understand the potential of decision making and to enhance the expected new customer. From the literature reviews, it was seen that there are some relationship among consumer behavior, marketing mix, and decision making to further explore and conceptualize in the conceptual model with hypotheses development.

Marketing Mix Factor

Marketing theories and concepts have been largely applied by many businesses and previous researches continue to concentrate on the implementation of seven dimensions of marketing mix factors. However, there was not well explored in the context of small and medium-sized enterprises (SMEs) which are unique characteristics as stated by Moriarty, J. et al.[2]; Stokes, D. and Wilson, N.C. [3]. Kotler, P. [4] has defined the marketing mix as a response to the demand, which can be controlled and responded to the needs of the consumer while Armstrong, G., Adam, S., Denize, S., and Kotler, P. [5] have defined marketing mix as a set of marketing tools to meet the needs of the target market. Marketing theories focus on marketing activities and the implementation of the marketing mix, the "4Ps" (product, price, place, promotion) that require both skills and resources as specified by Kotler, P. et al.[6] and Jobber, D. [7]. Product is included products and services the business offered to the customers in order to fulfill their needs. Price is the amount of money the customers willing to paid on buying products or services. Place is the activity of placing their products and services in the targeted market. Promotion is the activity of communicating the customers to make decision on the products or services as stated by Armstrong, G., Adam, S., Denize, S., and Kotler, P. [5]. However, as in the 21st century business environment, there are the expansions of marketing mix from the conventional model (4Ps) to the 7Ps model in order to include more dimensions as the followings. People are employees who deliver the businesses. Physical evidence is the presence in the marketplace or branding. Process is an entire system on the business running. This research study had applied the 7Ps model of the marketing mix adapted to the SMEs context in Thailand. As many research studies show that there are the relationship between marketing mix factors and decision making behaviors as stated by Kotler, P. and Keller, K.L.[8] and Afif, N.C., Hardiyanto, N., and Suwandari, L. [9].Consequently, this study aimed to investigate such relationship.

Decision Making of Business Loan Service Selection

Customer decision making on buying new product or adopting new service is a significant concept in the study of customer behavior. Wu, W.W.[10] defined customer decision making as the process of goal setting, possible alternatives collecting, alternatives evaluating, and optimal selecting. Hoy, W.K. and Miskel, C.G. [11] have defined the meaning of decision making as a significant tool in business management by using the information to determine among alternatives. There are three main conceptualizations of customer decision making by Bowen, J. and Chen, S. [12]; a behavioral perspective, attitude perspective, and composite construct combining both a behavioral and attitudinal dimension. Researchers have attempted to analyze several aspects and factors influencing on decision making. The conceptual model of this research was applied decision making theory based on Scott, S.G. and Bruce, R.A. [13]as well as the researcher's own context, in which characterized by four components; rational, intuitive, dependent, and avoidant. To conclude, from the literature reviews cited above, it can be seen that there are some relationships among these three variables to further investigate and conceptualize in the conceptual model with hypotheses development.

CONCEPTUAL MODEL AND HYPOTHESES

From the reviews of the literature, the conceptual model of this research study was stated in Figure 1. It describes the difference of decision making of business loan service selection based on consumer behavior and also explained the influence of marketing mix factors on decision making of business loan service selection of small and medium enterprise in Sakon Nakhon Province, Thailand. The conceptual model has been tested on the basis of the bodies of literature including consumer behavior, marketing mix and decision making, cited above, 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 model can be laid out as follows:

H_1: Decision making of business loan service selection had a significantly different based on consumer behavioral factor of small and medium enterprise in Sakon Nakhon Province, Thailand.

H_2: Seven dimensions of marketing mix factor had significantly positive influenced on decision making of business loan service selection of small and medium enterprise in Sakon Nakhon Province, Thailand.

Figure1
Research Conceptual Model
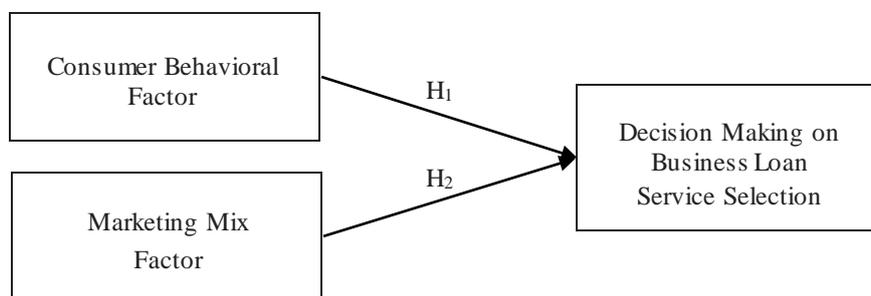
The research hypotheses can be depicted in the forms of structural equations in order to show the relationship among variables and predict the dependent variable for hypotheses testing. The symbols used to represent the variables stated as follows:

CBF	=	Consumer Behavioral Factor
MMF	=	Marketing Mix Factor
DML	=	Decision Making on Business Loan Service Selection

The structural equation can be explained as follows:

$$DML = \beta_1 CBF \quad \ldots\ldots\ldots \quad (1)$$

$$DML = \beta_2 MMF \quad \ldots\ldots\ldots \quad (2)$$

This research study aimed to explore the difference of decision making of business loan service selection based on consumer behavioral factor and also investigate the influence of seven dimensions of marketing mix factor on decision making of business loan service selection of small and medium enterprise in Sakon Nakhon Province, Thailand. The research study was a quantitative research method. The population of this research was 31,735 entrepreneurs of small and medium enterprises in Sakon Nakhon Province. The samples of 385 respondents were determined by using simple random sampling based on Cochran formula [14]. Data were collected through 5-point Likert scale questionnaire surveys. This research study was cross-sectional as the data were collected at a single point of time from the key respondents. Content validity was applied to ensure the accuracy of an assessment tool. Cronbach's alpha was conducted to test for reliability with cronbach's alpha coefficient of marketing mix factor and decision making of business loan service selection of 0.952 and 0.901, 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 including frequency, percentage, mean, standard deviation; and inferential statistics including t-test, F-test (One-way ANOVA), the Pearson's 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
Marketing Mix Factor	0.952
n Making of Business Loan Service Selection	0.901

RESULTS

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

For description of the respondents, the research results found that the survey data of the entrepreneurs were made up of 68.60% male. The averages ages of the entrepreneurs were 45 years or above up to 53.50%. For the education, the entrepreneurs had earned below Bachelor's Degree of 53.50%. The average monthly income is less than 100,000 Baht up to 60.30%. Most small and medium enterprises were in agriculture business type up to 43.90% and registered as limited partnership up to 53.70%. They were made up of 39.00% below 5 years in business as stated in Table2.

For description of the consumer behavior, the collected data were analyzed by using frequency and percentage. The research results found that the survey data of the entrepreneurs were requested for credit granting from government bank of 51.40% with the reason of more credit loan granting for business loan service selection up to 47.30%. Most of the entrepreneurs had business loan credit limit of more than 2,000,000 Baht up to 59.70% with an installment period less than 10 years up to 64.90%. For an interest rate type, most of them had a special 2-year interest rate plus credit collateral up to 44.10% and an installment per month was more than 25,000 Baht up to 43.40%. Loan collateral was around 50.00% or below up to 28.30%. Most of the entrepreneurs or 85.50% made the loan payment channel through the bank counter. They had got business loan information from some advisor up to 37.90% as stated in Table3.

Table 2

Description of the Respondents

n = 385

Demographic Information		Numbers of Respondents (NR)	Percentage of NR to Number of TR*
Gender	Male	264	68.60%
	Female	121	31.40 %
Age	Under 25 Years	13	3.40 %
	25-34 Years	73	19.00 %
	35-44 Years	93	24.10 %
	45 Years or Above	206	53.50 %
Education	Below Bachelor's Degree	206	53.50 %
	Bachelor's Degree	140	36.40 %
	Master Degree or Above	39	10.10 %

Monthly Income	Less than 100,000 Bath	232	60.30%
	100,000-500,000 Bath	106	27.50%
	500,001-1,000,000 Bath	28	7.30%
	1,000,001 Bath or Above	19	4.90%
Business Type	Agriculture	169	43.90%
	Industrial	10	2.60%
	Property	81	21.00%
	Commercial	72	18.70%
	Service	47	12.20%
	Others	6	1.60%
Registration Type	Limited Corporation	50	13.00%
	Limited Partnership	207	53.70%
	General Partnership	6	1.60%
	Commercial Registration	101	26.20%
	Others	21	5.50%
in Business	Below 5 Years	150	39.00%
	5-10 Years	115	29.90%
	11-20 Years	41	10.60%
	20 Years or Above	79	20.50%

* TR denotes total respondents.

Table 3
Description of the Consumer Behavior

n = 385

Consumer Behavioral Factors		**Numbers of Respondents (NR)**	**Percentage of NR to Number of TR***
Financial Institution	Commercial Bank	161	41.80%
	Government Bank	198	51.40%
	Finance Company	5	1.30%
	Credit Foncier Company	1	0.30%
	Co-operatives	20	5.20%
Reason for Business Loan Service Selection	More Credit Loan Grant	182	47.30%
	Installment Period	106	27.60%
	Interest Rate	60	15.60%
	Installment Amount Per Month	4	1.00%
	Credit Loan per Insurance	4	1.00%
	Installment Channel	8	2.10%
	Loan Information	7	1.80%
	Staff Service	4	1.00%
	Loan Approval Process	10	2.60%
Business Loan Credit Limit	Below 100,000 Baht	27	7.00%
	100,001-300,000 Baht	68	17.70%
	300,001-500,000 Baht	35	9.10%
	500,001-1,000,000 Baht	18	4.70%
	1,000,001-2,000,000 Baht	7	1.80%
	More Than 2,000,000 Baht	230	59.70%

Installment Period	Less Than 10 Years	250	64.90%
	11-15 Years	87	22.60%
	16-20 Years	40	10.40%
	More Than 20 Years	8	2.10%
Interest Rate Type	Special 2-Y	43	11.20%
	Special 3-Y	59	15.30%
	Special 2-Y + Credit Collateral	170	44.10%
	Floating	113	29.40%
Installment Per Month	Not More Than 5,000 Baht	69	17.90%
	5,001-10,000 Baht	44	11.40%
	10,001-15,000 Baht	51	13.30%
	15,001-20,000 Baht	34	8.80%
	20,001-25,000 Baht	20	5.20%
	More Than 25,000 Baht	167	43.40%
Loan Collateral Per Loan Limit	50% or Below	109	28.30%
	51-60%	42	10.90%
	61-70%	40	10.40%
	71-80%	83	21.60%
	81-90%	34	8.80%
	91-100%	29	7.50%
	More Than 100%	48	12.50%
Payment Channel	Bank Counter	329	85.50%
	Direct Debit	39	10.10%
	ATM Machine	3	0.80%
	Internet Banking	9	2.30%
	Counter Service	5	1.30%
Business Loan Information	Television	125	32.50%
	Newspaper	1	0.30%
	Internet	62	16.10%
	Magazine	4	1.00%
	Call Center	47	12.20%
	Some Advisor	146	37.90%

* TR denotes total respondents.

For descriptive statistics, the collected data were analyzed by using means and standard deviation. The means score of the entrepreneurs' opinion on marketing mix factor and decision making of business loan service selection were at the high levels; mean scores of 3.84 and 3.87, respectively. To explain in details on seven dimensions of marketing mix; product, price, place, promotion, people, physical evidence and process, mean scores were at 3.75, 3.60, 3.80, 3.73, 4.02, 3.91, and 3.92, respectively. In addition, four dimensions of decision making; rational, intuitive, dependent, and avoidant mean scores were at 4.20, 3.93, 3.53, and 3.63, respectively.

For inferential statistics, the analysis of the correlation coefficient between the seven dimensions of marketing mix factor was explored. Pearson's Product-Moment Correlation was used to determine the relationship of the independent variables. The objective was to find the magnitude of correlation among the variables and to test for Multicollinearity. Thus, correlation analysis between the independent variables was shown in Table 4.

Table 4

Correlation Analysis between Independent Variables

	F-P1	MMF-P2	MMF-P3	MMF-P4	MMF-P5	MMF-P6	MMF-P7
MEAN	3.75	3.60	3.80	3.73	4.02	3.91	3.92
S.D.	0.730	0.837	0.802	0.791	0.754	0.793	0.734
MMF-P1	1						
MMF-P2	0.557**	1					
MMF-P3	0.662**	0.479**	1				
MMF-P4	0.601**	0.573**	0.646**	1			
MMF-P5	0.527**	0.366**	0.625**	0.580**	1		
MMF-P6	0.535**	0.369**	0.678**	0.572**	0.770**	1	
MMF-P7	0.551**	0.573**	0.559**	0.640**	0.635**	0.611**	1

** Correlation is significant at the 0.01 level

Table 4 revealed the relationship between the independent variables that correlation coefficients (*r*) are not exceed 0.800. As Hair *et al.* [15] described the relationship between the variables that must be less than 0.800 otherwise it may cause Multicollinearity. This research shown that the relationship between the independent variables with the highest value of 0.770, which was not exceed 0.800, accordingly multi-collinearity problem was not found. Therefore, it can be tested by using Multiple Regression Analysis, a linear model, in order to investigate the influence of seven dimensions of marketing mix factor on decision making of business loan service selection of small and medium enterprise in Sakon Nakhon Province, Thailand.

The research results from the first hypothesis testing on the difference of decision making of business loan service selection based on consumer behavioral was shown in Table 5. Decision making of business loan service selection had a significantly different based on payment channel of small and medium enterprise in Sakon Nakhon Province, Thailand.

Table 5

Research Results from Hypothesis Testing (H$_1$)

Description of the Consumer Behavior		Sum of Squares	df	Mean Square	F	Sig.
Payment Channel	Between Groups	5.434	3	1.811	3.739	0.011*
	Within Groups	184.582	381	.484		
	Total	190.016	384			

* Significant at the 0.05 level

The research results from the second hypothesis testing on the influence of seven dimensions of marketing mix factor on decision making of business loan service selection of small and medium enterprise in Sakon Nakhon Province, Thailand were presented in Table 6.

Table 6

Research Results from Hypothesis Testing (H$_2$)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Beta	Std. Error	Beta		
H$_2$: MMF-P4→DML	.167	.055	.178	3.016	0.003**
H$_2$: MMF-P5→DML	.253	.064	.258	3.967	0.000***
H$_2$: MMF-P7→DML	.220	.060	.218	3.674	0.000***
Adjusted R2 = 43.60%		S.E.E = 0.556		F = 43.383	

**. Predictor is significant at the 0.01 level
***. Predictor is significant at the 0.000 level

The hypotheses testing found that seven dimensions of marketing mix factor can explain the variation of decision making of business loan service selection up to 43.60% (Adjusted R-Square 0.436) at 0.05 significant levels. The marketing mix dimensions of promotion, people, and process had statistically significant direct influenced on decision making of business loan service selection of small and medium enterprise in Sakon Nakhon Province, Thailand with standardized coefficients (β) of 0.178, 0.258, and 0,218, respectively.

CONCLUSIONS

This research study aimed to investigate the influence of service quality and customer satisfaction on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand. The results revealed that service quality and customer satisfaction had significantly influenced on digital financial decision. Thus, the following suggestions from the research results can be applied as management guidelines for financial institutions in Thailand. Firstly, excellent service quality; especially for assurance, empathy, and tangibility, seems to be very critical success factor to raise customer satisfaction and keep targeted bank customer in the long run for financial institution in Thailand. To increase satisfaction for the bank customer, system security, customer care service, and system consistency should be strengthening. Secondly, all customer satisfaction dimensions; convenience, coordination, information, and service cost, can enhance digital financial decision of the bank customers in the long run. To conclude, service quality and customer satisfaction had significantly positive influenced on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand. However, there are many other factors that can be expected to enhance digital financial decision such as new technology, corporate image, service environment, or customer motivation for further research.

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