

CHAPTER 5: DISCUSSION AND CONCLUSIONS

Introduction

The objective of this study was to examine the following issues:

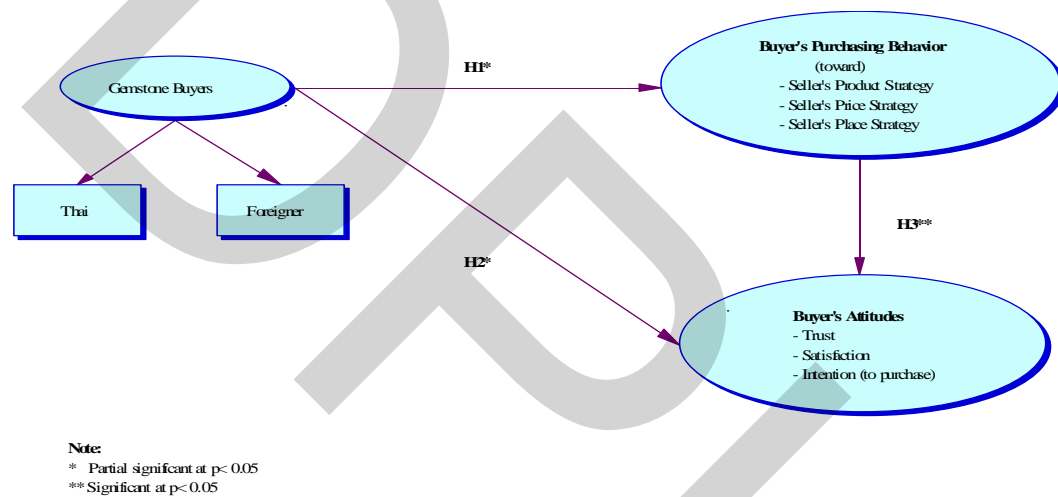
- To determine the purchasing behavior and the attitudes of buyers toward Thai gemstones purchasing
- To determine the differences between the purchasing behavior and the attitudes (toward Thai gemstones purchasing) of Thai buyers and foreign buyers
- To determine the relationship between the purchasing behavior and the attitudes of buyers toward Thai gemstones purchasing

The review of previous literature provided the foundation for the development of seven hypotheses which aimed to verify each of the above objectives. These three objectives framed the format of the research design in which the purchasing behavior and the attitudes of gemstone buyers, the differences in the attitudes and the purchasing behavior of gemstone buyers, and the relationship between the buyer's attitudes and the buyer's purchasing behavior, toward Thai gemstones could be examined.

Summary of Results

Figure 2 shows the summary of results for each of the study hypotheses in the conceptual framework. This is discussed as follows.

Figure 2: The Result of Hypothesis Test



This study aims to answer three research problems, “What are the purchasing behavior and the attitudes of buyers toward Thai gemstones?”; “Do the purchasing behavior and the attitudes of Thai and foreign buyers toward Thai gemstones differ; and “Is there a relationship between the purchasing behavior and the attitudes of Thai gemstone buyers?” The first and the second research question were tested using two sets of three specific hypotheses (H1a, H1b and H1c; and H2a, H2b and H2c) and the result of

biographical data. One hypothesis (H3) was proofed to answer the third research question.

Previous literature has documented studying the purchasing behavior and the attitudes of buyers when buying several product categories. For example, articulating the attitudes using buyer's trust and buyer's satisfaction when purchasing apparel through online channel (e.g. Hou, 2005); describing the attitudes in terms of buyer's satisfaction and buyer's purchase intention in the automobile tire industry (e.g. Wonglorsaichon, 2002). It can be seen that the specific product category such as gemstone has been rarely explored, especially as an academic research. These gaps in the literature gave rise to the first research question, by asking what are the purchasing behavior and the attitudes of buyers toward Thai gemstones purchasing.

As discussed previously in Chapter 2, the purchasing behavior of gemstone buyers in this study was measured by the product strategy, the price strategy and the place (distribution channel) strategy used by the seller. In regards to the product strategy, there was no significant difference between the gemstone types bought by the Thai and foreign gemstone buyers. Buyers in this study have traded both precious gemstones (i.e. Ruby, Sapphire and Emerald) and semi-precious gemstones (e.g. Zongia, Amethyst, and Padparacha (orange sapphire)). While there seems to have an apparent line between sellers in these two markets (precious gemstones and semi-precious gemstones) (e.g.

Buncharoen, 2009; Phetwong, 2009; Porncharern, 2007), this result implies a change of business practices in the gemstone industry. The economic recession in recent years (e.g. Gazette, 2010; Willis, 2009) may account for this phenomenon. Precious gemstone market is generally considered as higher in terms of the value and quality of gemstones that have been trading although regarded as less variety than the semi-precious gemstone market (Beard, 2001; ICA, 2001). It is therefore likely that expanding business's product line to capture both the precious gemstones and the semi-precious gemstones may help to increase business potential and hence boost sales.

It was also found that Thai gemstone buyers were more likely to buy the loose gemstones than foreign gemstone buyers. Furthermore, this study found that Thai and foreign buyers generally bought all of the gemstone qualities: low, medium and high. Again, this result signified that sellers have attempted to adapt their product strategy to better respond to recent economic recession, for example, by offering a more variety of gemstone qualities rather than focusing on a particular quality category (e.g. high, low); in other words expanding business range. This finding implies a change and possible trend of business practice in gemstone industry.

While a typical guideline for gemstone purchasing has suggested buyers to examine gemstone for its four major characteristics, 4C's: colors, clarity, cutting and carat weight (Beard, 2001; Hughes, 1997; ICA, 2001), it was found both Thai and foreign gemstone

buyers in this study have also considered other important attributes which related to the trust (Morgan & Hunt, 1994). These were “seller’s offering return policy within inspection period”, followed by “seller’s offering warranty/guarantee on gemstone bought”, and “seller’s reputation”. This finding supported the result of H2a and somewhat corroborated with the findings of Tiangsoongnern (2007) and Ward, Girardi & Tiangsoongnern (2007) that these trust relating attributes were likely to help increase buyer’s purchasing volume. The result of this study re-emphasized the link between these trust relating attributes and the buyer’s consideration to buy gemstones both via traditional offline channels (e.g. visit gemstone exhibitions) or via online channels (e.g. gemstone and jewelry websites). This finding hence suggested optional strategies to deal with buyer’s trust to purchase gemstones for sellers.

Six specific hypotheses (H1a, H1b and H1c; and H2a, H2b and H2c) were tested to answer the second research question: “Do the purchasing behavior and the attitudes of Thai and foreign buyers toward Thai gemstones differ?”

Support of H1a was not found in this study. There was no evidence of a statistical difference between Thai gemstone buyers and foreign gemstone buyers in terms of their purchasing behavior toward the product purchased (e.g. gemstone characteristics). They have considered similar gemstones characteristics: treatment disclosure e.g. heating; origin; color; clarity; variety of gemstones types offered; and ability to select and buy

some parts of the whole gemstone lot, when purchasing gemstones. The result was consistent with a common guideline for gemstone inspection (Hughes, 1997; ICA, 2001; Netco & Weinburg, 2001; Phetwong, 2009; Porncharern, 2007; Weinburg, 2001). Moreover, because the finding was derived from representative of gemstone buyers across several countries such as Thailand, India, USA and EU, such the gemstone characteristics could be considered as the international standard set to purchase Thai gemstones.

There was no support of a statistical difference between Thai gemstone buyers and foreign gemstone buyers in terms of their purchasing behavior toward the price strategy used by the seller (H1b). In other words, they have considered that charging a higher price for a better gemstone quality; having a standard price for the same gemstone quality; and offering flexible payment methods e.g. payment installments are common practices across Asian and Western gemstone buyers. The result implied that these pricing strategies did not seem to be efficient methods to segment the gemstone market should it was categorized by demographical bases such as country of residence. Comparing with the above finding that both Thai and foreign gemstone buyers have considered sellers' use of trust relating strategies (e.g. offering warranty/guarantee on gemstone bought; offering return policy within inspection period; and seller's reputation) (p. 42), it signified that gemstone buyers considered these trust related strategies more

important to their buying decision than the pricing strategies. This result gave new understanding to the literature and gemstone traders.

Support of H1c was found in this study. Thai gemstone buyers and foreign gemstone buyers are different in terms of their purchasing behavior toward the place strategy used by the seller. Foreign buyers were more likely to buy gemstones using face-to-face contact e.g. visit gemstone exhibitions. The finding supported suggestions of practitioners in gemstone industry (e.g. Buncharoen, 2009; ICA, 2001; Phetwong, 2009; Porncharern, 2007) and previous academic studies (e.g. Tiangsoongnern, 2007; Tiangsoongnern & Vuori, 2004) that without appropriate inspection technologies (e.g. hardness test in laboratory), gemstone buyers should rely on their own vision. This finding has suggested that buying gemstones using face-to-face contact remains the most used method for most gemstone buyers.

H2a was support in this study. Thai gemstone buyers and foreign gemstone buyers are different in terms of their attitudes toward the trust to purchase Thai gemstones. Foreigner gemstone buyers tended to pay higher attention on the attributes relating to the trust than Thai gemstone buyer. Previous studies (e.g. Ward, Girardi & Tiangsoongnern, 2007) found a negative relationship between buyer's trust and buyer's perceived risk when buying gemstones. Therefore, it could be assumed that foreign buyers perceived it was more risky to purchase gemstones than Thai buyers. Psychologically, Thai buyers

might be feeling more comfortable to buy gemstones in hometown while foreign buyers might be feeling uncertainty (e.g. less familiar with Thais and Thai's business ritual), might account for this finding. Moreover, both Thai and foreign gemstone buyers considered the offering a return within inspection period the most important attribute to their purchasing consideration, followed by offering warranty/guarantee, a length of relationship, good reputation, salesperson influence, and a company size, respectively. This result was consistent with the findings of previous studies (e.g. Tiangsoongnern, 2007) which have drawn evidence from gemstone purchasing via online channels. It therefore could be suggested that these trust relating attributes remained important to buyers' consideration whether buying via traditional methods (e.g. visit gemstone exhibitions) or online methods (e.g. gemstone and jewellery websites). In addition, offering a return policy within inspection period and offering warranty/guarantee were deemed the two most important attributes in both buying modes. This finding also gave practical implications to practitioners in gemstone industry and new theoretical implication to the relevant literature.

Support of H2b was found in this study. Thai buyers and foreign buyers were found to have different attitudes toward the satisfaction to purchase Thai gemstones. Foreign buyers tended to be more satisfied with buying Thai gemstones than Thai buyer. A satisfaction from ability to make profit when reselling Thai gemstones was the most considered rationale. The result supported general business practice because this reason is

a common goal for most profit organizations (e.g. Bridge, O'Neill, & Cromie, 2003) including gemstone industry. This does not mean that the pricing of gemstones in Thailand is lower than those in the world market. The pricing may be higher yet there remains a room for making profit.

Support of H2c was not found in this study. Thai gemstone buyers and foreign gemstone buyers are not different in terms of their attitudes toward the intention to purchase Thai gemstones. It was unlikely to predict whether they would buy Thai gemstones or would buy more Thai gemstones in the future. The purchase intention of organizational gemstone buyers (buy to resell/make profit) could be influenced by several factors. For example, the changes in buyers' needs e.g. a varying need in particular types of gemstones across time (e.g. Beard, 2001; Buncharoen, 2009; GIT, 2010; Porncharern, 2007). For instance, the semi-precious gemstone, namely "Padparacha (orange sapphire)" has emerged as a newly popular Thai gemstone since 2006. Additionally, the appearance of the new gemstone called "Zongia" (yellow sapphire from Africa's mines) which has become popular in the middle market of gemstone trading in recent years. These phenomenons may help to explain this lack of H2c support. This finding was not expected, and hence provided additional knowledge to the body of literature in this area. It also implied that other factors might take part in this occurrence, which needs a call for future study.

A support of H3 was found in this study. The more the buyers deemed the marketing strategies used by the sellers met their performance expectation, the higher the buyers' satisfaction, the buyers' trust, and the buyers' purchase intention towards Thai gemstones purchasing. This result supported prior studies. For example, Ward, Girardi & Tiangsoongnern (2007) found a positive influence of buyer's trust on the purchasing behavior (purchase volume) of gemstone buyers. Nevertheless, the finding was derived from gemstone purchasing via online methods e.g. websites of sellers, gemstone and jewelry e-marketplaces. Stack (2009) found a relationship between customer purchase behavior (measured by the particular model of marketing strategy: people, personal, place, price, product and promotion) and the purchasing decision of undergraduate and postgraduate students to enroll at the university. However, these findings were drawn from exploring educational products and services (Stack, 2009) or buying gemstones online (Tiangsoongnern, 2007). Whether the relationships can be generalized to gemstone purchasing using traditional buying methods e.g. visit gemstone exhibition, has not been examined. The result highlighted the need for further study in this area.

Result of supplementary analysis gave additional insight into the support of H3. The product strategy and the price strategy used by the seller were found to have a positive relationship with the purchase intention of gemstone buyer. The more the buyer was provided with information about gemstone characteristics (e.g. treatment disclosure, authenticity), the higher the buyer's purchase intention. Furthermore, buyers were likely

to have a higher purchase intention, if sellers used a standard pricing (for the same quality of gemstones) and offered flexible payment methods such as payment by installments. In regards to the attitudes of buyers, the price strategy used by the seller was also found to have positive correlation with buyer's trust and buyer's satisfaction to purchase Thai gemstones. It might be assumed that buyers should have higher satisfaction and higher trust when sellers adopted pricing strategies such as offering standard pricing (for the same quality of gemstones) and offering flexible payment methods. These findings suggested possible pricing strategies to increase the purchase intention, the satisfaction and the trust of gemstone buyers.

Theoretical Implications

Results of this study have contributed to the gaps in the relevant literature in the following ways. First, exploring the purchasing behavior (measured by the product strategy, the price strategy, and the place strategy used by seller) and the attitudes (toward the satisfaction, the trust and the purchase intention) of gemstone buyers; the differences in the purchasing behavior and the attitudes between Thai and foreign gemstone buyers; and the relationship between the purchasing behavior and the attitudes of buyers when purchasing high involvement, complicated products such as gemstones which have been largely ignored in the purchasing literature, has been addressed and documented.

This study has found that Thai gemstone buyers and foreign gemstone buyers are significantly different in terms of their purchasing behavior toward the buying channels used (H1c). Buying gemstones using face-to-face contact was more likely to be used by foreigner buyers than Thai buyers. Moreover, Thai gemstone buyers and foreign gemstone buyers are significantly different in terms of their attitudes toward the trust to purchase Thai gemstones (H2a). Foreigner gemstone buyers tended to pay higher attention on the trust relating attributes than Thai gemstone buyers. The “offering return policy within inspection period” attribute was found to be the most considered attribute when purchasing gemstones. This attribute could be one of the possible strategies for seller to deal with buyer’s trust to purchase gemstones. Additionally, it was found that Thai gemstone buyers and foreign gemstone buyers are significantly different in terms of their attitudes toward the satisfaction to purchase Thai gemstones (H2b). Foreign buyers tended to be more satisfied with buying Thai gemstones than Thai buyers. A satisfaction from ability to make profit when reselling Thai gemstones was deemed the most considered rationale. This finding gave new knowledge to the purchasing behavior and attitude literature using evidence from academic research.

Second, given the support of H3 found in this study, it is now apparent that the buyer’s purchasing behavior (towards the product strategy, the price strategy and the place strategy used by the sellers) is positively related to the buyer’s attitude (shown through the satisfaction, the trust and the purchase intention) towards Thai gemstone purchasing.

The more the buyers deemed the marketing strategies used by the sellers met their performance expectation, the higher the buyers' satisfaction, the buyers' trust, and the buyers' purchase intention towards Thai gemstones purchasing. As such, a support for H3 has contributed to a number of issues which have been neglected in those past studies. First, this research has examined the role of attitudes and the purchasing behavior toward Thai gemstone purchasing in the one study. Second, this study has explored the purchasing behaviour of buyers using the particular mix of marketing strategies (the product strategy, the price strategy, and the place strategy). This research therefore has helped to confirm the relationship between attitudes and purchasing behaviour of gemstone buyers, and has contributed new academic evidence from the purchasing of high involvement, complicated products such as gemstones to the literature.

Third, the findings of this study have provided a new paradigm to explore the purchasing behavior and the attitudes of gemstone buyers by comparing between Thai and foreigners. This incorporates organizational buyer's perceptions (attitudes and evaluation) toward seller's implementation of marketing strategies (the product strategy, the price strategy and the place strategy). Whilst the growing body of the purchasing literature has focused on a consumer perspective, there is little research which explores such relationship using organizational standpoint. In particular, this study has found the difference between the purchasing behavior and the attitudes of Thai and foreign buyers

toward Thai gemstone purchasing, which seller should consider when conducting market segmentation by demographical bases such as a buyer's country of residence.

Finally, as discussed in the introduction chapter this study has developed a theoretical framework that has examined the purchasing behavior using the particular marketing strategy model (the product strategy, the price strategy, and the place strategy) which has been specifically developed to explore the high involvement, complicated and risky products such as gemstones. This model helps to expand knowledge from previous studies (e.g. Tiangsoongnern, 2007 and Ward, Girardi & Tiangsoongnern, 2007) using new evidence from buying gemstones via traditional methods such as visit gemstone exhibitions and visit seller's organization.

Practical Implications

From a practical perspective, results from exploring the buyer's purchasing behavior (towards the product strategy, the price strategy and the place strategy used by the sellers) and the buyer's attitude (shown through the satisfaction, the trust and the purchase intention) towards Thai gemstone purchasing in this study has important strategic implications for three parties: sellers, buyers and the gemstone industry. First, from a managerial viewpoint, the results have provided a possible framework to effectively comprehend a buyer's purchasing behavior and manage a buyer's satisfaction and trust to

purchase high involvement and complicated products, such as gemstones. Sellers can use the knowledge provided to develop and implement effective strategies to better satisfy gemstone buyers in different market segments. For example Thailand, China, and USA. These findings therefore assist marketers by providing alternatives to develop strategic plans to deal with sales management. For example,

- Expand business's product line to offer both the precious gemstones and the semi-precious gemstones market.
- Offer variety of gemstone qualities rather than focus on the particular gemstone quality (e.g. high or low).
- Expand business range to cover the lower gemstone market (e.g. loose gemstone) or the higher gemstone market (e.g. single gemstone).
- Use the possible trust relating strategies to increase buyer's purchase intention (e.g. offering warranty/guarantee and offering return policy within inspection period).
- Use the possible pricing strategies to leverage the purchase intention, the satisfaction and the trust of gemstone buyers (e.g. offering a standard pricing for the same quality of gemstones and offering flexible payment methods such as payment by installments).

From a buyer's viewpoint, buyers could benefit from the seller's implementation of the results (marketing strategies) suggested in this research. Implementations of strategies

and practices previously discussed which benefit sellers, only do so because these strategies can bring about a more personalized environment for buyers in different market segments (e.g. Thai and overseas) and hence can better satisfy gemstone buyers.

Lastly, the results from this study should provide in industry strategies for increasing the level of gemstone trading. For example, the environment in which a buyer has been more customized by sellers' offering particular marketing strategies, is likely to increase the buyer's satisfaction and leverage the buyer's intention to purchase Thai gemstones. Therefore, the findings can assist in boosting a trade volume of Thai gemstone and jewelry industry as a whole. In summary, the results of this study have provided a possibly alternative area for trading the high involvement, complicated and risky products such as gemstones.

Limitations of the Study

There exist some limitations inherent in the findings of this study which pertain to the methodology used. Although the research demonstrates significant findings, these have been derived from a sole study. The first limitation is the sample size used in this study. The results obtained from a sample size of 182 gemstone buyers (109 Thais and 73 foreigners) may lack generalizability, although it was taken from a relevant population of

interest. The overall smaller size of the population of gemstone buyers in this study means that sampling error in this study would be expected.

The second limitation of this study emerged in the use of new scales developed to tap the buyer's purchasing behavior measured by the particular set of marketing strategies used by the seller (the product strategy, the price strategy and the place strategy); and the attitudes measured by the satisfaction, the trust and purchase intention of gemstone buyers. Although these scales have been constructed from suggestions of past studies, their validity has never been verified. This needs to be carefully considered in future studies.

The influence of other variables on the study result was not considered, and can be regarded as another limitation of the study. For instance, psychological constructs such as the perceived risk (e.g. feeling of uncertainty) of gemstone buyers was not considered in this study as having an influence over the buyer's purchasing behavior and buyer's attitudes to purchase gemstones. This followed the studies of Tiangsoongnern (2007) and Ward, Girardi & Tiangsoongnern (2007) who have suggested the negative impact of perceived risk on the buyer's attitudes i.e. trust to purchase gemstones. Moreover, micro factors such as a change of buyer's demand in particular gemstone types; macro factors such as economic recession and government subsidized schemes; and other psychological factors such as buyer's personality and buyer's learning which have been suggested as

having influence on buyer's decision making (Kotler & Keller, 2009; Perner, 2000; Schiffman & Kanuk, 2009) and on business performance, can be investigated as the mediating variables or moderating variables on the relationship between the purchasing behavior and the attitudes of gemstone buyers found in this study (H3).

Directions for Future Study

This study lends support to the research aiming to determine the purchasing behavior and the attitudes of buyers toward Thai gemstones purchasing; to determine the differences between the purchasing behavior and the attitudes of Thai buyers and foreign buyers; and to determine the relationship between the purchasing behavior and the attitudes of buyers toward Thai gemstones purchasing. The aforementioned limitations do provide some interesting alternatives for a future study. Additionally, there exist other possible issues that could be further examined.

First, as discussed in the last limitation issue of this study, future studies should consider investigating mediating effects or moderating effects of psychological constructs such as buyer's perceived risk (Tiangsoongnern, 2007; Ward, Girardi, & Tiangsoongnern, 2007) and buyer's personality, a buyer's learning and macro factors (Kotler & Keller, 2009; Perner, 2000; Schiffman & Kanuk, 2009) on the relationship between the purchasing behavior and the attitudes of gemstone buyers. Further examination could help to warrant the existence of mediating effects or moderating effects on such the relationship.

Second, future research could be conducted with re-examining the lack of support for H1a and H1b: there was no evidence of a statistical difference between Thai gemstone buyers and foreign gemstone buyers in terms of their purchasing behavior toward the products purchased and the price strategy used by the seller; and H2c: Thai gemstone buyers and foreign gemstone buyers are not different in terms of their attitudes toward the intention to purchase Thai gemstones. As discussed previously, the limitation in terms of small sample size of this study may account for this lack of support hypothesis. These can help to call for a replicated future study in order to affirm these findings.

Lastly, to address the limitation in terms of a small sample size and a fair response rate of 45.5%, this study could be replicated in the broader context of cross-sectional study. Given the Bangkok Gems and Jewellery Fair is considered as the biggest gemstone exhibition in Thailand and it is organizing twice a year, typically in March and September (TGJTA, 2010), repeating data collection in the years which normal political environment resuming may yield a higher response rate that helps to boost the explanation power of future research.

Concluding Remarks

Buyer's purchasing behavior, buyer's attitudes and their measurement variables; the relationship between buyer's purchasing behavior and buyer's attitudes; and a comparison of the purchasing behavior and the attitudes of buyers from different country profile: have been examined by a number of scholars. Although there has been extensive research on these issues, exploring whether these relationships could be generalized to the specific area of gemstones purchasing, have not been investigated. Previous studies tend to explore buyer's purchasing behaviour, buyer's attitudes using evidence from low involvement, less complicated, and hence low risk products or services such as convenient goods, apparel, fast food, or mobile communication services. Furthermore, past research has examined these issues based on a consumer's perspective rather than an organisational buyer's viewpoint.

The main objective of this study was aiming to determine the purchasing behavior (measured by the product strategy, the price strategy and the place strategy used by the seller) and the attitudes (toward the trust, the satisfaction and the purchase intention) of buyers toward Thai gemstones purchasing; to determine the differences between the purchasing behavior and the attitudes of Thai buyers and foreign buyers; and to determine the relationship between the purchasing behavior and the attitudes of buyers toward Thai gemstones purchasing. This research study has proposed to measure the purchasing behavior of gemstone buyers by the particular set of marketing strategies: the

product strategy, the price strategy and the place strategy, used by the seller which is rarely adopted in prior research. This study found no significant difference between the gemstone types bought by the Thai and foreign gemstone buyers. They have traded both precious gemstones (i.e. Ruby and Sapphire) and semi-precious gemstones (i.e. Zongia and Amethyst). Also, this study demonstrated that Thai gemstone buyers and foreign gemstone buyers generally trade all gemstone qualities: low, medium and high. In regards to buyer's attitudes, it was found that when making decision to buy gemstones, both Thai buyers and foreign buyers have considered several trust relating attributes. For example, "seller's offering return policy within inspection period", "seller's offering warranty/guarantee on gemstone bought", and "seller's reputation".

This study has found that Thai gemstone buyers and foreign gemstone buyers are significantly different in terms of their purchasing behavior toward the buying channels used. Buying gemstones using face-to-face contact e.g. visit gemstone exhibitions was more likely to be used by foreigner buyers than Thai buyers. However, they have considered this buying method the most used for gemstones purchasing. It was also found that foreign gemstone buyers were more likely to pay higher attention on the trust relating attributes than Thai gemstone buyers. Seller's offering a return policy within inspection period was found to be the most considered attribute when asking about the trust to purchase gemstones. Additionally, it was revealed that foreign buyers tended to be more satisfied with buying Thai gemstones than Thai buyers. In particular, a satisfaction from

ability to make profit when reselling Thai gemstones was deemed the most considered rationale. Finally, this study found a significant positive relationship between the buyer's purchasing behavior (towards the product strategy, the price strategy and the channel strategy used by the sellers) and the buyer's attitudes (shown through the satisfaction, the trust and the purchase intention) towards Thai gemstone purchasing. The more the buyers deemed the marketing strategies used by the sellers met their performance expectation, the higher the buyers' satisfaction, the buyers' trust, and the buyers' purchase intention towards Thai gemstones purchasing. These results help to confirm that such the relationship which has been suggested in prior studies could be generalized to the specific industry of gemstones.

Finally, the findings of this study can be considered as valid and reliable, based on the statistical methods used. Results have both theoretical and practical implications and provided several possible avenues for future study. However, some limitations as discussed earlier should be considered in generalizing the results of this study. Despite these limits this study has advanced a theoretical model which has good explanation power, using validated methods.