PRODUCT IMAGE INFLUENCE OF THAILAND JEWELRY ENTERPRISES ON EXPATRIATE’S PURCHASE INTENTION ON GOLD JEWELRY IN THAILAND

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ABSTRACT

Thailand has been a center for gems and jewelry for centuries. The numbers of SMEs in Thailand contribute significantly to the gems and jewelry market. The goals of this research is to study the importance of Thailand’s small and medium gem and jewelry market as one of Asia’s major hub for production and international sales, and how it affects ASEAN and international market. As the sampling procedure, convenience and purposive are used; a
sample of 200 expatriates in Bangkok jewelry shops were selected. Moreover, Pearson correlation is used as the statistical test to examine the relationship between variables. Results show that the relationship between variables is significant with low and medium positive correlation.

**Keywords:** expatriates, Jewelry, purchase intention, Thailand, decision, commitment.

### INTRODUCTION

Thailand is one of the major hub for Gems and Jewelry business in the world, particularly in Asia. A side from reasonable prices what makes Thai jewelry unique is the quality and great craftsmanship which bring the beauty and value to the gems and jewelries. Furthermore historically Thailand has always been an important center for gems and jewelry manufacturing as well as business, these factors bring even more values for expats who live in Thailand and would like to purchase jewelry for personal and business usages.

Each year, thousands of Asian and Western expats move to Thailand. Some stay permanently, some stay for a few years, some for only a few months but most of them have good reasons why they decided to travel to Thailand. It appears that relocation to Thailand has become an appealing and viable alternative for many foreigners to explore, as the process of fast-track globalization facilitates the movement of people around the world. Some of the many other reasons for moving to this country include reasonably priced travel options; the friendliness and hospitality of the Thai people; and the country's beautiful weather/climate. Other "magnets" that have led to a boom in Thailand's expat population (particularly of young professionals and families) are access to high-quality medical/health care; the existence of accredited international schools and/or programs; and the abundance of Western-style amenities. But these incentives are supported by the prominent Thai lifestyle that balances work with restitution, tradition with modernity, individualism with companionship. These cultural aspects are shown openly during the Thailand's numerous public holidays and festivals, like Songkran and Loy Krathong. Moreover, both the quality of life and the standard of living are good, and the cost of living is very affordable for expats – working professionals and retirees.

Thailand is hosting more than 500,000 foreigners as retirees, workers, and expatriates from various countries across North America and Europe, such as the United Kingdom and Scotland (Hunter, 2016). In recent years, other Asian nationalities have been increasing in Thailand as well, finding work in the technical field. Bickerstaff and Bruce (2013) stated that a huge number of Filipinos are working in Thailand because of their English-language skills, as well as technical workers from Korea and Japan. Thousands of Japanese have retired to Thailand as well. In recent years, there have been large amounts of Russian retirees and expats in Thailand, as well as many expatriates from other continents. Sullivan (2015) stated
that Thailand has reached the 35th ranking of best places to visit, as Thais have a very positive attitude towards foreigners and are very welcoming.

Therefore, there is a noticeable number of prospective customers in this huge population of foreigners in Thailand. There are few studies about expatriates and tourists in regards to the medical tourism market (Connell, 2006), artisan products and real estate market (Husa, 2014) in Thailand. In this regard, the authors of this current research have decided to investigate the gems and jewelry industry in Thailand that target the expatriate communities.

**Research Objective**

To understand the product image influence of Thailand Jewelry enterprise on gold jewelry purchase intention among expats in Thailand.

**THEORETICAL FRAMEWORK**

Kumaran, Daniel, and Kannan (2015) examined the Brand loyalty factor of the Madurai Jewelry Industry in Tamil Nadu which is led the decision to repurchase a definite brand. They discovered that the brand loyalty is getting a great attention in jewelry retail Industry. However, to create a long-term sustainable customer loyalty, other factors such as price, retail layout, quality, Promotions, designs, and customized personal service are very needed to be considered. Their study data were gathered through a questionnaire from 200 Jewelry retailers across Madurai district. Moreover, Correlation analysis and ANOVA were applied to find out the relationship between variables. The findings of this study were that most of the jewelry retailers need to have attractive window displays, proper stores layout, and appealing visual to attract present and potential customers into the outlet.

Consistently, Sukumaran (2015) has emphasized the brand equity which is including brand awareness, brand association, brand quality, brand strength, and product image effect on purchasing a product. When a consumer is attached with the purchase of a product passionately or when the product is expensive, product image gains more meaning. In purchasing of the gold jewelry in the Indian conditions, the consumer adds more importance to the brand name and the brand equity to it. Their study is to analyze the brand equity elements behind the purchase decision of Gold Plus gold jewelry with the help of predictive neural networks model.

Continuously, Karthikeyan (2015) analyzed the consumer buying behavior of jewelry, service and quality. Karthikeyan attempted to understand the buyer’s decision making process, both individually and in groups by studying the characteristics of individual consumer such as demography, psychographics and behavioral variables. The survey was made with 200 customers in the Jewelry retail store premises. Through the research it was evident that, factors such as price, product image, collections, advertisement, free gift, quality, discount, ambience of the store, making charges and wastage determines the consumer buying behavior. In conclusion, the researchers come to integrate these previous researches and
modify a conceptual framework including the variables affecting the purchase intention of jewelries in Thailand as following Figure 1.

Fig1: FRAMEWORK

Based on the above context several hypotheses are tested

H1: There is a significant relationship between product image and decision factor.
H2: There is a direct and significant relationship between product image and purchase intention.
H3: There is a significant relationship between product image and commitment.
H4: There is a significant relationship between decision making factor and purchase intention.
H5: There is a significant relationship between commitment factor and purchase intention.

JEWELRY INDUSTRY IN THAILAND

Thailand is a good place to buy gemstones. In recent years, it has rapidly become one of the world's largest sellers of gems and finished jewelry. Although the country's own sources of stones have decreased in recent years, it imports gemstones from Australia, Sri Lanka and other places and then cuts and polishes them. If you know what you are doing and if you do a little homework, there are bargains to be found in stones and jewelry. Formerly diamonds were not a significant item in Thailand, but the country now has over thirty diamond cutting
houses and the World Federation of Diamond Bourses has established a bourse in Bangkok. Labor is cheap in Thailand and craftsmanship is generally excellent, so gold ornaments are also a good buy. When buying gems or jewelry, always buy from a reputable dealer and never go to a shop recommended by a tout, tuk tuk driver or a taxi driver. Avoid "government sales" or "factory prices." The government doesn't buy or sell gems and there is no such thing as a factory price. Above all avoid buying anything from someone who approaches you on the street claiming to have some sort of a deal.

To have a better understanding of the behavior of international expatriates toward the gems and jewelry market in Thailand, this research aims to examine the decision-making styles of expatriates shopping in Bangkok. The studied variables on tourist and expatriates in Thailand were satisfaction, perceived quality, and price.

THE LITERATURE OF VARIABLES

Product image is the impression of a product held by real or potential consumers and it is an important factor that affects consumer choice leading up to the purchase (Kim et al., 2000; Erdem & Swait, 2004). The majority of customers make the decision to purchase goods and services amid an uncertainty towards the quality of a product (Kim et al., 2008). Brand reputation alleviates this uncertainty as more information on the quality of a product is more readily available to the consumer (Erdem et al., 2002). As the brand reputation increases, consumer intention to purchase increases and uncertainty decreases simultaneously (Akdeniz et al., 2013). The brand success is dependent on consumer perception of the quality of products and services (Sweeney & Swat, 2008).

Due to service differences and immaturity, many consumers search for further information and details about a service or product nowadays instead of relying solely on brand reputation (Jiang et al., 2010). As more information is compiled, it affects purchasing intention by giving customers a clearer understanding of the quality of the products (Farquhar & Rowley, 2009). The accessibility and the superiority of information available for consumers are significant factors in consumer’s decision making (Srinivasan et al., 2002). Fournier (1998) defined the brand commitment as consumers’ emotional perception toward the brand. It refers to the customers’ tendency to purchase more name brand items than generics (Eisingerich & Rubera, 2010). Customers with high brand commitment have both a strong emotional attachment and tendency to purchase the brand repeatedly (Dholakia, 1997; Sung & Campbell, 2007; Napoli, Dickinson, Beverland, & Farrelly, 2014; Shukla, Banerjee, & Singh, 2016).

A brand's credibility and proficiency are grounded on the growing influence of all its former marketing tactics and engagements (Erdem & Swait, 1998). Research has found that the concepts of reliability, brand venture and lucidity are qualifications of brand credibility (Erdem et al., 2006). Reliability signifies the grade of coordination and conjunction among marketing activities and the steadiness of marketing mix tactics (Erdem et al., 2006). Moreover, Brand venture represents a firm's investment and expenses on brands in direction
to determine brand commitment in the long term and to reassure consumers that brand assertions will be kept (Erdem & Swait, 2004; Sweeney & Swait, 2008). Lucidity signifies an absence of uncertainty in the merchandise information within a brand (Erdem et al., 2002). Thus, brand trustworthiness can be made by improving reliability, lucidity, and brand venture over time.

The product image can significantly benefit both consumers and companies. It can create a strong relationship between companies and their customers to increase connectivity and communication (Sweeney & Swait, 2008). Past research suggests that sophisticated product image familiarity leads to a strong influence in consumer’s choice and purchase intention of a product or service (Rezvani et al., 2012).

**PREVIOUS RESEARCH IN THAILAND**

Wu (2015) examined the variables of how brand commitment affects purchasing intentions of the customers in Thailand. The result was that a consumer retains a strong relationship with a nation’s brand and therefore, they tend to purchase the products made in that country. Moreover, Shamsub and Lebel (2012) studied the factors that affect the decision-making styles by using a principal component analysis. Their study included factors such as perfectionists, impulsiveness, recreational-shopping, fashion, price, and brand commitment in the target demographic of tourists aged 20-30. In line with them, Lertwannawit and Gulid (2011) examined the relationship between service quality, value, satisfaction, and brand trust on the behavioral loyalty of international tourists acting as medical tourists toward private hospital medical services in Bangkok. The results indicated that there is a drastic positive relation between service quality and product value, brand trust and satisfaction. Besides that, product value, satisfaction, and brand trust have drastic positive relationships with behavioral loyalty (Caceres & Paparoidamis, 2007; Aydin & Özer, 2005).

Wherry (2006) documented how Thai artisans of the Hang Dong district have differentiated their concepts of authenticity in manufacturing and then marketing and selling their ethnic and tourist arts. Nonetheless, the factors that influence the purchasing intention of gems and jewelry products are most likely different. Therefore, it is crucial for the marketers and entrepreneurs in the jewelry business to understand factors that affect consumers’ purchase intention. The authors conducted the current research in order to gain a better understanding of purchase intention of consumers for jewelry.
METHODOLOGY

In order to study the relationship between the different factors involved in the purchase intention of jewelry, we analyzed the data collected from a sample of jewelry shops in Bangkok. The selection of this town is justified for numerous explanations. Firstly, it has a vast number of jewelry shops. Secondly, Bangkok has a significant volume of tourists every year (Trading economics, 2016), all of whom are potential customers for the jewelry shops. The strong tourist orientation of Bangkok has resulted in two parallel phenomena: on the one hand, the popularity of Thailand in having skillful craftsmen in gems and jewels industry; on the other hand, the “development” of the city, which can be regarded as Bangkok’s tourist attractions. And finally, and more importantly, most of expatriates are resident in Bangkok.

DATA COLLECTION

The survey of jewelry shops in Bangkok was collected by personally administering the survey to expatriates shopping for gems and jewels. Moreover, small and medium (SM) shops are usually handled by international or national firms which carefully hand-picked a number of towns in the world to accommodate their shops. A total number of 200 expatriates responded to the questionnaire.

SAMPLING METHOD

Convenience sampling is the sampling process of procuring people or units that are most conveniently available and comprise method in gathering information from the regarded population members who are available to deliver the required information (Marshall, 1996). Pearson correlation is used in this research to examine the relations between each two variables. A fully structured questionnaire was applied as an instrument to gather information from the respondents. It consists of the closed-ended multiple choice questions and 5-Likert-scale questions which enable respondents to express their level of agreement and select the best answer that suits them.
RESULTS

TABLE 1: CORRELATION TEST OF VARIABLES

<table>
<thead>
<tr>
<th></th>
<th>Product image</th>
<th>Commitmen t</th>
<th>Decision factor</th>
<th>Purchase intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product image</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.431**</td>
<td>.411**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Commitment</td>
<td>Pearson Correlation</td>
<td>.244**</td>
<td>.345**</td>
<td>.331**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>200</td>
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<td>.000</td>
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<tr>
<td>N</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Note. The significant value is .000, which is less than the standard value of 0.05. The table also indicates that the correlation is significant at the 0.01 level (2-tailed). The Bivariate test shows a positive correlation (r>0) between product image and commitment, decision factor, and purchase intention, in which product image respectively has a medium (.431), low (.244), and medium (.411) positive correlation with them. Continuously, decision factor and commitment have low (.331) and medium (.432) positive correlations with purchase intention respectively.

These results are in accord with Hypothesis 1 to 5 with a 99% confidence level. Thus, it indicates the significant relationship between decision factor and brand commitment towards the intention to purchase jewelry products from Thailand. Therefore, all the results aggrandize the acceptance of all pre-determined hypotheses.
Fig 2: HYPOTHESES TESTING

TABLE 2: PERCENTAGE OF RESPONDENTS IN NATIONALITY

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Number of expatriate’s respondents</th>
<th>Percentage of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese</td>
<td>103</td>
<td>51.5</td>
</tr>
<tr>
<td>Japanese</td>
<td>41</td>
<td>20.5</td>
</tr>
<tr>
<td>American</td>
<td>25</td>
<td>12.5</td>
</tr>
<tr>
<td>Australian</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>French</td>
<td>19</td>
<td>9.5</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

Note. The highest proportion of respondents are allotted to Chinese (as shown in Table 2) with 51.5% (103) and following after Japanese with 20.5% (41) which indicates the dominating population of Chinese and Japanese expatriates in Thailand. In line with Knell (2014) who investigated the foreigner’s population proportion and also foreign shopper’s proportion in Bangkok, the authors would expect to face more Asian respondents from China and Japan than other nationalities. Nonetheless, we cannot overlook the effects of American and European expatriates on jewelry purchasing for some reasons such as their high currency value, and their perception and willingness toward Thai gems and jewelries.
TABLE 3: DESCRIPTIVE OF QUESTIONNAIRE

Descriptive Statistics

<table>
<thead>
<tr>
<th>Questions</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI1: Physical appearance of Thai jewelries impresses me.</td>
<td>200</td>
<td>3.90</td>
<td>.826</td>
</tr>
<tr>
<td>BI2: I feel comfortable when I keep wearing Thai jewelries.</td>
<td>200</td>
<td>3.46</td>
<td>.944</td>
</tr>
<tr>
<td>BI3: Wearing Thai jewelries makes me to feel like that I am wearing renowned international jewelries.</td>
<td>200</td>
<td>3.21</td>
<td>.901</td>
</tr>
<tr>
<td>BI4: Thai jewelries are attractive.</td>
<td>200</td>
<td>3.33</td>
<td>1.033</td>
</tr>
<tr>
<td>COM1: Thai jewelries is my first choice when I want to purchase jewelries.</td>
<td>200</td>
<td>3.11</td>
<td>.799</td>
</tr>
<tr>
<td>COM2: I will keep purchasing Thai jewelries.</td>
<td>200</td>
<td>3.61</td>
<td>.897</td>
</tr>
<tr>
<td>COM3: I refuse buying other international jewelries.</td>
<td>200</td>
<td>3.02</td>
<td>.847</td>
</tr>
<tr>
<td>DF1: In purchasing the jewelry, the country of origin of the jewelry is important in my decision making.</td>
<td>200</td>
<td>3.04</td>
<td>1.198</td>
</tr>
<tr>
<td>DF2: My friend’s recommendation has affected my decision making.</td>
<td>200</td>
<td>3.18</td>
<td>1.051</td>
</tr>
<tr>
<td>DF3: Product image is effective on my decision making.</td>
<td>200</td>
<td>4.38</td>
<td>1.114</td>
</tr>
<tr>
<td>PI1: I intend to purchase Thai jewelries.</td>
<td>200</td>
<td>3.47</td>
<td>1.093</td>
</tr>
<tr>
<td>PI2: At the time of purchasing jewelries, I would think about Thai jewelries</td>
<td>200</td>
<td>2.97</td>
<td>.923</td>
</tr>
<tr>
<td>PI3: I buy Thai jewelries because it’s cheaper than its equivalent foreign type.</td>
<td>200</td>
<td>3.70</td>
<td>.924</td>
</tr>
<tr>
<td>PI4: I purchase Thai jewelries because of their durability.</td>
<td>200</td>
<td>3.80</td>
<td>.913</td>
</tr>
</tbody>
</table>


Note. In decision factor, (as shown in Table 3) “Product image is effective on my decision making” has the highest mean (4.38). In the product image variable, the highest mean is for this item “Physical appearance of Thai jewelries impresses me” with (3.90). Eventually, in purchase intention, “I purchase Thai jewelries because of their durability” has the highest mean (3.80) in commitment; “Thai jewelries are my first choice when I want to purchase jewelries” has the highest mean (3.61).

CONCLUSION

The main objective of this study is to investigate the perceptions of expatriate consumers towards jewelry brands of Thailand and its influence on their purchase intention. It also looks at how factors that affect purchase intention such as product image and brand commitment contributes to the decision making of purchases of expatriates living in Thailand. All null hypotheses have been rejected, then product image is associated with purchasing intention with \( r = 0.411 \) (as shown in figure 2) and the result is supported by Kimet et al. (2000) and Erdem & Swait (2004); and Karthikeyan (2015) studies. Moreover, decision factor is related to purchasing intention with \( r = 0.331 \) (as shown in figure 2) and this result is supported by Shamsub and Lebel (2012) Kumaran, Daniel, and Kannan (2015) research. Eventually, commitment has a relationship with purchasing intention with \( r = 0.432 \) which is supported by Wu (2015) and Sukumaran (2015) investigation. Hence, As Thailand is an attractive location for expatriates in South East Asia, it is recommended that wider,
deeper research on the expatriate community preferences towards products and their behavior purchase intention be conducted to strengthen the area of this study. In addition, product image to decision factor r is 0.244 (as shown in figure 2) which indicates that there must be more working on country of origin, brand awareness and brand equity of Thai jewelries so that customers can make decision with higher reliability toward Thai jewelries. This can create further study and manufacturing motivation to create satisfactory products and services for the expatriate market in Thailand.

LIMITATION

This study offers a drastic insight about the effects of product image on purchase intention in the gems and jewelry sector, but has several limitations. Specific variables such as marketing mix, country of origin, the reputation of jewelry store, store environment, and craftsmanship on purchase intention where not included. The rise of e-business also raises the question of the importance of brand commitment and brand trustworthy in an online situation. Consumers usually perceive higher uncertainty when they purchase online than when purchasing offline, suggesting the importance of a jewelry brand credibility in the online context. However, it has also been suggested that there is more information available in an online situation, which may make brand credibility less important in online environments than in other markets (Sweeney & Swait, 2008). Additional research that accounts for e-commerce can improve the generalizability of the current study's results.

REFERENCE


Bickerstaff, Bruce (2013).An Attempt to Quantify the Number of Foreigners Living in Thailand, Burning Bison


