The Effect of Firms' Competitive Advantage Creations on Beyond Sufficiency-Economy Consumption Behaviors

Chanchai Rattanaprakarn[1]
Bhubate Samutachak[2]
Priyanut Piboolsravut[3]

Abstract

This study aim to investigate the relationship between firms' competitive advantage creations on the beyond sufficiency-economy consumption behaviors. The concept of competitive advantage creation is borrowed from the generic strategy by Porter (1985) comprising cost leadership, differentiation, and focus. The beyond sufficiency-economy consumption behaviors, i.e. materialism, conspicuous, and impulsive consumptions, are derived from the emotional or non-substantive behavior theories. The data was collected from 726 respondents and the hypotheses were tested using the Structural Equation Modeling (SEM). It is found that the differentiation and focus strategy positively related to the three type of the beyond sufficiency economy consumptions behaviors. The cost leadership, on the contrary, was found to have a negative relationship to the behaviors. The results also showed that the three strategies affect, to the highest degree, the conspicuous behaviors.

Keywords: generic strategy, sufficiency economy, beyond sufficiency-economy consumption behaviors, Structural Equation Model (SEM), LISREL

[1]Dhurakij Pundit University, Thailand
[2]Assistant Professor, Dhurakij Pundit University, Thailand
[3]Researcher and Chair, Sufficiency Economy Movement in Education Sector Working Group,Ministry of Education

บทคัดย่อ

วัตถุประสงค์การวิจัยเพื่อศึกษาความสัมพันธ์ระหว่าง การสร้างความได้เปรียบในการแข่งขันทางธุรกิจ และพฤติกรรมการบริโภคที่เกินพอเพียง ซึ่งแนวคิดของการสร้างความได้เปรียบในการแข่งขันทางธุรกิจพัฒนาจากกลยุทธ์พื้นฐาน (Generic Strategy) ของ Porter (1985) ซึ่งประกอบไปด้วย (1) ผู้นำต้นทุน (2) ความแตกต่าง และ (3) มุ่งเน้น และด้านแนวคิดพฤติกรรมการบริโภคที่ขัดแย้งกับหลักปรัชญาของเศรษฐกิจพอเพียง ที่ใช้อารมณ์ หรือขาดเหตุผล ขาดสติ ในการบริโภคที่ก่อให้เกิดการบริโภคที่เกินพอเพียง ซึ่งพฤติกรรมดังกล่าวพัฒนาจากพฤติกรรมศาสตร์ 3 ประเภทที่ประกอบไปด้วย (1) พฤติกรรมบริโภควัตถุนิยม (2) พฤติกรรมบริโภคเพื่อโอ้อวด และ (3) พฤติกรรมบริโภคแบบขาดการไตร่ตรอง โดยการเก็บรวบรวมข้อมูลจากผู้ตอบแบบสอบถาม 726คน และสมมติฐานทดสอบโดยใช้ตัวแบบสมการโครงสร้าง (SEM) ผลการวิจัยพบว่ากลยุทธ์การสร้างความได้เปรียบในการแข่งขันทางธุรกิจประเภทความแตกต่างและมุ่งเน้นมีความสัมพันธ์ ทางบวกกับพฤติกรรมการบริโภคที่เกินพอเพียงทั้งสามประเภท แต่ในขณะที่กลยุทธ์การสร้างความได้เปรียบในการแข่งขันทางธุรกิจประเภทผู้นำต้นทุนมีความสัมพันธ์เชิงลบกับพฤติกรรมทั้งสามประเภทและพบว่าพฤติกรรมการบริโภคประเภทเพื่อโอ้อวดมีความสัมพันธ์สูงสุดกับกลยุทธ์การสร้างความได้เปรียบในการแข่งขันทางธุรกิจทั้งสามประเภท

คำสำคัญ: กลยุทธ์พื้นฐาน หลักปรัชญาของเศรษฐกิจพอเพียง พฤติกรรมการบริโภคที่เกินพอเพียง ตัวแบบสมการโครงสร้าง ลิสเรล

1. Introduction

The 1997 economic crisis, after a decade of sustained economic growth, not only damaged the Thai economy but also the trust in the business conduct and the way that Thai people live their lives. A new paradigm of living, consuming, spending, and doing business was craved for. Rushing to the prosperity with no strong foundation at the individual level might scour the economy to its fragility. People started to review the way of the past and search for a new way of life and business pattern. The national interest has turned to heed the sufficiency economy philosophy that has been proposed over the past 30 years by King Bhumipol Adulayadej of Thailand (Thongpakde, 2007) The King has pointed to the philosophy on various occasions. Until recently, however, the complete concept and guidelines have never been crafted. It could be sensed all over the country and at every level from government to business and people that the sufficiency economy is permeating and contemplated to a different degree. Advertising regarding the philosophy is ubiquitous. The sufficiency philosophy movements spread throughout the country. To a certain degree, people develop a sense of 'por pieng' or 'sufficient'. Sufficiency economy is on the move. At the same time, the agricultural and government sectors exerted a tremendous effort to turn around the economy after its 1997 downturn. The Thai government adopted the populism policy and was inclined to recoup the economy via consumption. Many government initiatives, e.g. the One-Million-One-Village, Government Housing Project (Baan-Ur-Ar-Thon) and the Interest Free Loan were introduced to induce personal consumptions at the rural, individual level. The programs served the purpose only too well. During 2004-2006, the saving rate diminished from 15.8% to 6.9%. The Bank of Thailand reported that during the same period personal loan increased 25% (1,571 – 1960 million baht). The economy did regain the centrifugal force, but at the expense of personal financial risk.The business sector also strived to survive. Competition is severe when the economy goes down and even worse when it picks up. Competitive advantage, although originated from the three types of Porter's generic strategies (Porter, 1985) i.e. cost leadership, differentiation, and focus, is created in various forms to achieve one ultimate purpose; to sell to more customers and make more profit. These strategies even challenge the diminishing marginal utility concept (Handeln, 1854) by inducing additional purchase at the declining utility and full consumption point (Jitsuchon, 2000) This is one example of beyond sufficiency-economy consumption behavior. In many cases, consumers are lured to purchase and possess items that may not be necessary and become overly acquisitive (Pamela, 2004) Both brand strategy and celebrity marketing influence consumers to emulate the presenters by using those e xpensive advertised items (Ang & Lim, 2006) These strategies, although they bring a lucrative bottom line to businesses, may adversely affect some consumer who do not fit those products. Thai consumers of this decade are standing in the middle of a two-way street, with sufficiency-economy philosophy leading one way and competitive advantage creation of businesses the other way. Most of the research on sufficiency economy emphasizes the application of the philosophy at the individual or community level. Never before has the role of businesses, although densely surrounding consumers, been explored in relation to how they affect consumption behaviors. It is, in fact, business activities that people are continually exposed to and most affect consumption behaviors. This study, therefore, aims to investigate the effect of competitive advantage creations of firms on beyond sufficiency-economy consumption. The findings will lead to useful implications to warn the business sector of a suitable way of competition, consumer of conscientious purchase, and government of proper policy.

2. Literature Review

2.1 Sufficiency Economy Philosophy

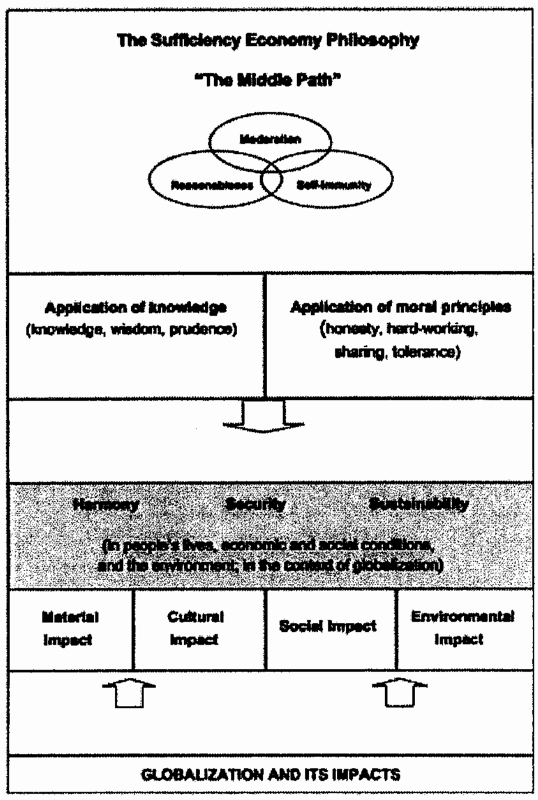
Sufficiency economy philosophy has been known to Thai people for the past

30 years. The philosophy is unanimously accredited to King Bhumibol Adulyadj of Thailand, who has undertaken consistent effort to institute the balance of economic growth and the sustainable development of the country. As Krongkaew (2003) one of the leading supporters of the philosophy, explains that the philosophy "...guides the livelihood and behavior of people at all levels, from the family to the community to the country, on matters concerning national development and administration". The philosophy suggests the observation of the "middle path", similar to the practice of the middle path in Buddhism philosophy, where the way of life, consumptions, and spending should not exceed the sufficient level. The main idea is that everything should not be excessive or scarce and hence suitable for each person's economic status. The last part connotes the relativity of the implication of the philosophy. Middle path, or moderation, of each person is not identical and differs according to one's status. In attempt to crystallize and make the concept succinct, scholars try to define the sufficiency economy. Puntasen (1999) defines the sufficiency economy as the practice of moderation, integrity, not greed, and not taking advantage of others. A person should be able to make a sustainable living, prudently spend on necessary items according to one's income, and save money to help others.

Tantivejakul (1988) classified the sufficiency economy into 2 levels, i.e. individual and community. At the individual level, a person should be able to live an untroubled life, properly estimate one's own ability and economic status have freedom, and not be lured into materialism. At the community level, sufficiency economy is the economy that can produce all products necessary to sustain the community and depend least on imported items. The philosophy of the sufficiency economy becomes clearer after the framework of the philosophy is developed and generally accepted. The framework consists of 3 principles and 2 conditions (Isarangkul, & Pibulsarawut, 2009) The 3 principles are moderation, reasonableness, and self-immunity. Figure 1 displays the 3-principle and 2-conditions framework of sufficiency economy. The three interlocking elements represent the three principles of the: moderation, reasonableness and self-immunity. These three principles are interconnected and interdependent. Moderation conveys the idea of people living their lives on the middle path, not at the extremes. People should rely on themselves without overindulgence. This way of living occurs when people have reasonable, accumulated knowledge and experience, along with analytical capability, self-awareness, foresight, compassion and empathy. They must be aware of the consequences of their actions, not only for themselves but also for others. The third principle, self-immunity, refers to the ability of people to protect themselves against any external turbulence and to cope with events that are unpredictable or uncontrollable. It implies a foundation of self-reliance, as well as selfdiscipline. Apart from these three components, two other conditions are needed to make the principles of sufficiency economy work: knowledge and morality. Knowledge encompasses accumulating information with insight to understand its meaning and the prudence needed to put it to use. Morality refers to integrity, trustworthiness, ethical behavior, honesty, perseverance, and a readiness to work hard (Prasopchoke Mongsawad, 2010).

After the 1997 economic crisis, the sufficiency economy principles have gained a significant interest in academic research. The research pertaining to the sufficiency economy can be categorized into 7 groups. The first group of research focuses on the applications of the philosophy (Boonchaisri, 2008; Yajom, 2008). The second group is the research that explores the congruence of the sufficiency economy with organizations and communities (Singkra, (2007). The third group studies the behaviors, of samples, relating to the principles of the philosophy. This group of research intends to explore various aspects of society, e.g. social, culture, economic, and environment that support or obstruct the way of sufficiency economy (Lachitawong, 2008). The fourth group explore the application of the philosophy on specific problems, e.g. poverty, saving, debt burden, and income management (Srichaichana, 2007). The fifth group focuses on attitude towards, opinion about, awareness of, and knowledge about the philosophy of sufficiency economy (Solsilchai, 2008). The sixth group concerns the pedagogical methods of the sufficiency economy (Chatvichean, 2008; WongKhum, 2008). The seventh group is the research that collects, develop databases, and synthesize indicators related to the sufficiency economy (Intrarat, 2008; Turaphan, 2008).

Figure 1 The sufficiency economy framework



Source: Thongpakde (2006)

The diversity and amount of research conducted, in the past 15 years, in relation to the sufficiency economy indicate the anxiety of the country to understand and apply the philosophy. It is believed that the sufficiency economy functions to strengthen the very foundation of the economy and tobcushion the severe crash of the economic downturn. In general, it requires selfawareness, self-discipline, self-contentment, virtue, and ethics.

2.2 Competitive Advantage Creation and beyond sufficiency-economy consumption

Porter (1985) stresses the importance of competitive strategy choices for firms to survive and thrive in the industry. He suggests 3 basic business strategies, i.e. differentiation, cost leadership, and focus. Choosing a strategy on which to concentrate, firms must take thorough considerations on the current competitive situations, their strengths, weaknesses, goals, and objectives (Cross, 1999). Many researchers support the combination of these strategies to best serve the firms and situations (Hlavacka, Ljuba, Viera, & Robert, 2001; Miller, & Dess, 1993; White, 1986). The focal point of this strategy is to provide a unique product or service to best fit customer's needs and to gain customer loyalty (Bauer, & Colgan, 2002; Hyatt, 2001; Porter, 1985) As there are additional costs incurred from smaller groups of customers, economies of scale is not achieved. Similarly, from the tailoring process, firms charge a premium price to customers. The differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support. Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service, or the distribution channels. The quality may be real or perceived based on fashion, brand name, or image Allen, & Helms, 2006). The crux of the strategy is to differentiate the firms' product or service from that of competitors in the way that most appeals to the customers (McCracken, 2002; Tuminello, 2002). The differentiation strategy is most effective for sophisticated or knowledgeable consumer interested in a unique or quality product and willing to pay higher prices. The firms must ensure that the message of differentiation reaches the customers and make them aware of the differences and uniqueness of their own products and services when compared to the products and services of competitors (Berthoff, 2002). When using the differentiation strategy, the firms tend not to set up the price on cost basis. This does not mean that the firms ignore the cost; only that it is not the main focus (Hlavacka, Ljuba, Viera, & Robert, 2001). Since customers perceive the product or service as unique, they are loyal to the company and willing to pay the higher price for its products (Venu, 2001). Cost leadership strategy focuses on achieving the lowest cost in the industry. There 5)are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, product design, input cost, capacity utilization of resources, and access to raw materials (Davidson, 2001; Malburg, 2000). Porter (1985) purports only one firm in an industry can be the cost leader (Sy, 2002). and if this is the only difference between a firm and competitors, the best strategic choice is the low cost leadership role. Lower costs and cost advantages result from process innovations, learning curve benefits, economics of scale, product designs reduce manufacturing time and costs, and reengineering activities. In addition, the firms using this strategy must have low-cost manufacturing, and a workforce committed to the low-cost strategy. The firms must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors. The firm may have access to raw materials or superior proprietary technology which helps to lower costs. For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001). in order to compensate the lower price charged to customers. Lower prices, however, lead to higher demand and, therefore, to a larger market share (Helms, Clay, & Peter, 1997). As a low cost leader, an organization can establish barriers against new market entrants who would need large amounts of capital to enter the market (Hyatt, 2001). The leader then is somewhat insulated from industry wide price reductions (Hlavacka, Ljuba, Viera, & Robert, 2001). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a firm lowers prices too much, it may lose revenues (Cross, 1999). Following the focus strategy, a firm targets a specific group of customers with specific and very unique needs or characters (Hlavacka, Ljuba, Viera, & Robert, 2001; Hyatt, 2001). A firm using focus strategy chooses to focus on a select customer group, product range, geographical area, or service line (Hyatt, 2001; McCracken, 2002). The target of the focus strategy is a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. That niche may have been overlooked, or cannot be efficiently served with the current technology of other competitors, or not economically sufficient for other firms. A firm can be successful in following the focus strategy if the target is large enough for the firm but not for others. The firm may employ market penetration or market development strategy in order to create and capture the market.

Focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms (Fred, 2000).

2.3 The beyond sufficiency-economy consumption behaviors

The classical economic theories view consumption behaviors as a function of utility, with no personal and emotional factors involved (Walters, 1978). Marketing scholars take a different perspective and conclude that consumption behaviors are induced in two patters, i.e. rationally (economically) and irrationally (emotionally). Sereerat (Sereerat, 2002). proposes that theories explaining consumption behaviors can be categorized into two groups: Rational or substantive behavior theories and emotional or nonsubstantive behavior theories. The rational or substantive behavior theorists believe that purchasing decision is made on the basis of sufficient information. Consumers are rational and prudent in buying products and services. The two important theories in this category are the economic man theory and the learning theory. The economic man theory suggests that consumers have good knowledge about the products, avoid unnecessary payment and rationally choose the products that best meet their needs. The learning theory focuses on experiential purchases that allow consumers to learn and make better and wiser purchasing decisions. The emotional or nonsubstantive behavior theories, on the contrary, acknowledge the information asymmetry of the world. They believe that consumers lack complete information of products or services. Consumers, in their view, tend not to evaluate or calculate before buying. In addition, most of the differences among the alternative products are intangible or at least not easily observed. The social action theory, one theory of this kind, explains that a person's buying decisions are influenced by other individuals and depend on their endorsement, especially those sharing some characters. Homophily, therefore, has a significant influence on emulative purchase (Laughlin, & MacDonald, 2010). This type of purchase is consistent to the social comparison theory (Festinger, 1954). which explains that people tend to compare themselves to others in all aspects. It is the emulative or even competitive sentiment that induces purchases. In many cases, people purchase items to make them look like or superior to others. The impulse actions theory explains another irrational purchasing behavior, impulsive buying. This theory postulates that there are certain kinds of products that are purchased with no plan, calculations, nor predetermination. Derived from the emotional behavior theories, this study propose three types of consumption behaviors that are beyond sufficient level, i.e. materialism, conspicuous, and impulsive consumptions (Belk, 1985) is the one of the most referred scholars in the area of materialism consumption. He develops 24 Likert items to measure materialism. His instrument consists of three parts: possessiveness, non-generosity, and envy (Belk, 1985). thus reflecting the definition of materialism. The measurement is widely accepted and in consistence with other related studies (Moschis, & Churchill, 1978). Conspicuous consumption is the pattern of consumptions that attempt to show off superior status. Thorste in (Veblen, 1899). observes the wealthy class, or as he terms 'leisure class', and develops the theory of the leisure class. He describes that because of the accumulated wealth, this class of people have relatively more leisure time and desire to spend money to elevate their taste. Showing off activities of various kinds are initiated for such purpose. Consumption of this kind is not only for the true use of oneself but also for being seen and social status promotion (Frank, & Cook, 1995). Researches also show a relationship between conspicuous consumption, emulative purchase, and debt and suggest that marketing promotion of various forms provoke this particular type of consumption (Markus, & Ruskin, 2005). The study of impulsive consumption can be traced back as far as 1950 (Patterson, 1963). The research department of DuPont explored the consumption behaviors of consumers during 1948-1965. It found that, for certain types of product and consumers, purchase decision was unplanned. Cobb and Hoyer (1986) phrase this type of behavior as immediate purchase. Shelf arrangement (Patterson, 1963). shelf space (Cox, 1964). demographic data and lifestyles (Krongkaew, 2003) are important factors influencing impulsive purchase.

3. Hypothesis Development

3.1 The marketing mix and the beyond sufficiency-economy consumption behaviors

Competitive advantage is created to influence target customers through marketing mix, i.e. product, price, place, and promotion or the 4 P's (McCarthy, 1960). It is the marketing mix that convinces customers to believe that they are fit to the products or services of the firm. The marketing mix strategy must be in consistent with the competitive strategy that the firm decides to undertake. It is through the marketing mix that the firm's competitive strategy affects customers' buying decision. Disagreement between the competitive strategy and the 4 P's strategy, and among the 4 P's, leads to disarrayed product image and confuse customers decision.

3.2 Materialism and the competitive advantage creation using the 4 P's

Zinkhan (1994) explains that materialism consumption is the behavior that a person is overly addicted to spending. Jiratikorn, et al. (2007) found that materialism in materialism consumption in young people exhibits in the form of buying craze. In addition, materialism consumptions highly correlates to indebtedness and saving decline (Ponchio, & Aranha, 2008). Product variety and branding can strongly encourage materialism, thus tempting consumers to purchase the same type of products with different forms and patterns to insatiate their acquisitiveness. Bundle selling and multi-function products are example of product strategies that influence customers to pay, in some case, for some functions or additional product that exceed their needs. Pricing strategies can also stimulate materialism consumption. Premium pricing becomes a prestige and dignity (Richins, & Dawson, 1990). Values of products are derived not from its utility buy perceptions of buyers. As long as customers strongly desire a product, seller can charge a premium price and make unreasonably high profit. Penetration pricing, on the other hand, can lead to an unnecessary purchase, especially when sellers post a time-limit for such price.

Customers decide to buy, even when they do not currently need the items, only for fearing that they would miss the opportunity to buy such a low price. Both premium and penetration pricing can encourage imprudent spending. Materialism is also encouraged by channel distribution strategies. Operating time expansion, increase coverage of the channel, innovative distribution channel (e.g. internet and mobile phone) are all channel strategies that make products and services ubiquitous for customers, hence inducing purchase (Chaturongakul, & Chaturongakul, 2007). Location choice and shelf design can also attract customer attentions and purchase (Donovan, & Rossiter, 1982). Marketing communication has advanced to make people feel, unfortunately, not think or reason. It provokes desires more than reasonable needs (Madsman, 2007) Highly materialistic persons are most sensitive to emotional advertisements (Belk, R., Pollay, & Belk, R. W. 1985). This advertisement exhibits luxury, specificity, status quo, to convince the customer that the products specially belong to them. (Marvin., Gerald, Laura, & Gary, 2003) conclude this type of advertisement most affect young people. The effect of competitive advantage creation through the marketing mix on the materialistic consumption behaviors leads to the following hypotheses :

H_1a: The cost leadership advantage creation using the **4** P's strategies positively relates to materialism.

H_2a: The differentiation advantage creation using the 4 P's strategies positively relates to materialism.

H_3a: The focus advantage creation using the 4 P's strategies positively relates to materialism.

3.3 Conspicuous consumption and the competitive advantage creation using the 4 P's

One of the important functions of products is to implicate the user's identity and status quo. (Braun, Robert, 1989). It displays a person's social class, wealth, and reputation. (Penpinant, at al., 2007) Product is therefore an instrument that is used symbolize personal identity as well as social class adjustment, either for real or deception. It is also employed to gain attention from others (Jacqueline, Ronald, & Leisa, 1999).. Firms pays more attention to create product identity, and less to functionality, to offer to customers (Marcoux, Filiatrault, & Cheron, 1997). Researches on premium products conclude that spending high price make a person feel special and prestigious. It also represents cost and quality of the product. (Gabor, & Granger, 1979). Product owners increasingly use psychological pricing; the pricing that impacts on the emotions rather than reason. Conspicuous consumers have a strong desire to be outstanding and differentiated and are sensitive to high price products that make them distinct from others. Regarding channel of distribution, exclusive place or invited-only channel can make customer conspicuous when entering such place. This type of channel tends to be located in public areas so that this type of customers are seen using such products. (Granot, 2006). To be able to use such products in such places, customers, accordingly, have to pay high price. Marketing communication tools that induce conspicuous consumptions come in the form of limited version type. This form of advertisement raises the scarcity of the product, thus make conspicuous customer to desire to be one of the few who own and use such product. (White, 1986). In some instances, the firms may offer financial assistance if customers cannot afford at the moment in order to facilitate the purchase. The effect of competitive advantage creation through the marketing mix on the conspicuous consumption behaviors leads to the following hypotheses:

H_1b: The cost leadership advantage creation using the 4 P's strategies positively relates to conspicuous consumption.

H_2b: The differentiation advantage creation using the 4 P's strategies positively relates to conspicuous consumption.

H_3b: The focus advantage creation using the 4 P's strategies positively relates to conspicuous consumption.

3.4 Impulsive consumption and the competitive advantage creation using the 4 P's

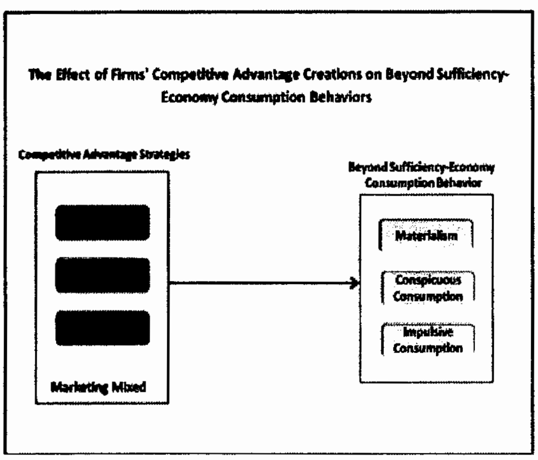
Impulsive consumption is the unplanned or unintended purchase. (Bellenger, Robertson, Hirschman, & Belk, 1978). Researches frequently found that consumers refused newly released products. As a result, marketers focus on existing version to make consumers familiar and fasten buying decision. This type of strategy is mostly found in low-involvement products used in daily life. Trying to emphasize the necessity of this type of product is also the product strategy for impulsive buyers. Low-price strategy seems to be the only pricing alternative of for impulsive purchase. Relatively low price requires less time to calculate and use reason in buying, especially for those with low self-restraint. (Kathleen, & Ronald, 2003). Placing this type of products on the eye-level shelf or at the cashier, at the reachable distance is the most purchase and saving habits. If consumers fail to closely keep tracks with their spending on this type of product, they will easily find themselves financially distressed. Bellenger, et al. (1978) found that 66% of impulsive purchase is influenced by marketing promotions, especially for durable goods. Anirban (2004) reports that 1-million US coupon on unintended items can encourage sales of more than 7- million US. The effect of competitive advantage creation through the marketing mix on the conspicuous consumption behaviors leads to the following hypotheses:

H_1c: The cost leadership advantage creation using the 4 P's strategies positively relates to impulsive consumption.

H_2c: The differentiation advantage creation using the 4 P's strategies positively relates to impulsive consumption.

H_3c: The focus advantage creation using the 4 P's strategies positively relates to impulsive consumption.

Figure 2 Research framework



4. Methodology

4.1 Sample and data collection

The population of this study is the general consumer. The size of the population is therefore large and unknown. Several methods can be used to determine the appropriate sample size for the Structural Equation Model (SEM), the data analysis of this study. Hair, et al. (1998) suggests the rule of thumb of 20 respondents for each variable. The sample size of this study, with 30 variables in question, is 600. In order to ensure the sufficient data, however, 726 samples were collected. Respondents are shoppers in 12 major department and discount stores in Bangkok. The selected branches are proportionately located in downtown and uptown areas. The data collection period was during February-March 2011. Survey questionnaires were administered to the samples shopping at the department and discount stores.

4.2 Variables and Measures

Multi-item scales were employed for measuring the latent constructs. The scales were taken from previous studies. The two constructs of the study included (Allen, & Helms, 2006) strategies for competitive advantage creation (independent variable), and (Ang, & Lim, 2006) beyond sufficiency-economy consumption behaviors (dependent variable). The strategies for competitive advantage creation consisted of 3 variables, i.e. cost leadership (COST), differentiation (DIFF), and focus (FOCUS). The item-instruments of these three variables were generated from in-depth interview with marketing managers of 5 major department and discount stores. Results of the interviews were synthesized using content analysis and the base for instrument development. The dependent variable included three types of beyond sufficiency-economy consumption behaviors, i.e. materialism (M), conspicuous (C), and impulsive consumption (V). Materialism consumption questions were adapted from Richins and Dawson (1992) conspicuous consumption questions from Marcoux, et al. (1997) and impulsive consumption behavior questions from Rook, and Fisher, (1995).

Reliability for the competitive advantage creation sub-scales, as measured by Cronbach's alpha (α), was satisfactory: 0.848 for COST, 0.811 for DIFF, 0.875 for FOCUS, and 0.943 for the overall constructs. The Cronbach's ? for the beyond sufficiency-economy consumption behaviors sub-scales was 0.706 for M, 0.909 for C, 0.861 for V, and 0.929 for the overall construct. The Cronbach's α for ATT and PRAC was 0.861 and 0.911, respectively, with 0.924 for the overall constructs. The 0.7 cutting point of Cronbach's α, as suggested by Nunnally, (1978). was adopted in the study and the instrument was considered reliable.

Table 1

Reliability of the instrument

Constructs	Cronbach's α
Competitive Advantage Creation	
1. Cost leadership (COST)	0.848
2. Differentiation (DIFF)	0.811
3. Focus (FOCUS)	0.875
Overall sub-scale 0.943	
Beyond Sufficiency-Economy Consumption Behaviors	
1. Materialism (M) 0.706	
2. Conspicuous (C) 0.909	
3. Impulsive (V) 0.861	
Overall sub-scale 0.929	

Confirmatory factor analyses were used to investigate the measurement properties of the scales of the independent and dependent variables of in this study. The resulting indices suggest a good fit for all constructs, i.e. competitive advantage creation $X^2 = 58.98$, df = 28, $p = 0.00$, RMSEA = 0.039, GFI = 0.99, AGFI = 0.96), and beyond sufficiency-economy consumption behaviors ($X^2 = 314.52$, $df = 110$, p = 0.00, RMSEA = 0.051, GFI = 0.95, AGFI = 0.93). Showing in Figure 1 are the results of the confirmatory factor analyses of the independent and dependent variables.

4.3 Results and Discussion

The model parameters of the structural model were estimated with the maximum likelihood method (covariance matrix). For the hypothesized model, results show a RMSEA value of 0.045 and relative Chi-square (X^2/df) 2.47, with GFI = 0.93, AGFI = 0.90, RMR = 0.50, suggesting a good fit. (Bollen, 1989) The goodness of fit statistics showed that the structural model used in this study fit well with the observations. Figure 3 exhibits the structural model, with parameter estimates, of the relationship between the competitive advantage creation and beyond sufficiency-economy consumption behaviors. It is interesting to note that cost leadership (COST) strategy shows negative effects on the three types of beyond sufficiency-economy consumption behaviors. Hypotheses 1a, 2a, and 3a, are accordingly rejected. The other two competitive strategies, i.e. differentiation (DIFF) and focus (FOCUS), on the contrary, positively affect the dependent variables, hence confirming the remaining hypotheses, i.e. H_2a, H_2b, H_2c, H_3a, H_3b, and H_3c.

Figure 3 CFA results of the independent and dependent variables

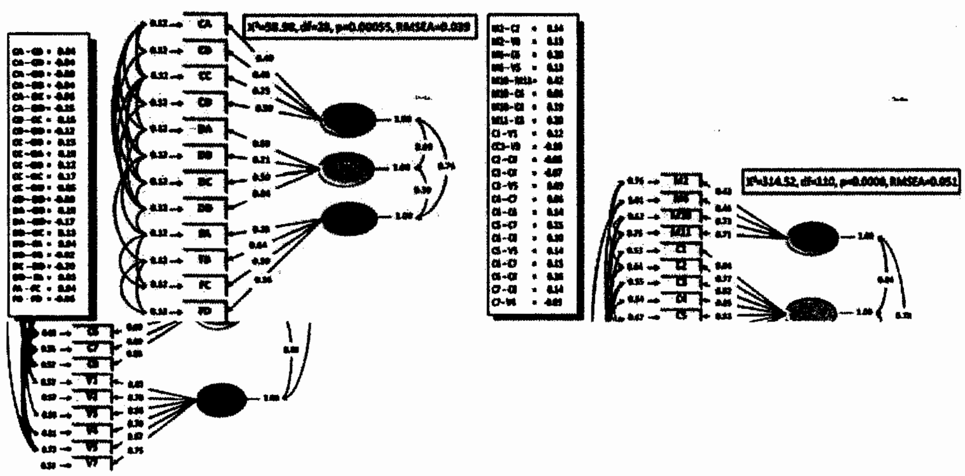
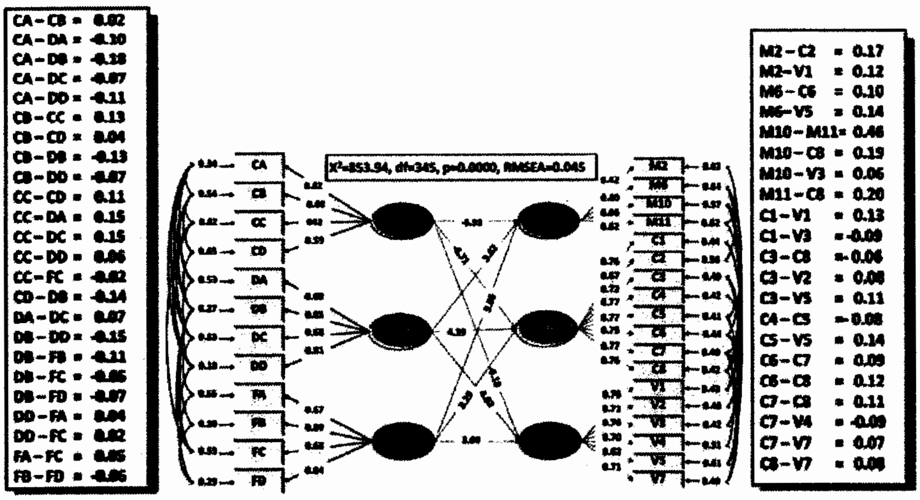


Figure 4 The structural model of the relationship between the competitive advantage creation on beyond sufficiency-economy consumption behaviors



In light of the size of effect, one can see that the cost leadership strategy demonstrates higher influence on the three types of beyond sufficiency economy consumption behaviors, that the other two strategies. The negative coefficient signifies that the more the business employs cost leadership strategy the less attractive its products become. In short, consumers with beyond sufficiency-economy consumption behaviors tend to buy less if the product is considered inexpensive or low-cost. Differentiation and focus strategies appear to have lower, yet positive, effects than cost leadership strategy on the beyond sufficiency-economy consumption behaviors. Observing on the dependent variables, the three types of beyond sufficiency-economy consumption behaviors, one can see that conspicuous consumption is influenced by the independent variables to a higher degree than the other two types of beyond sufficiency-economy consumption behaviors. Not only do the results clearly demonstrate the effect of competitive strategies in enhancing the firms' competitiveness on the beyond sufficiency economy consumption behaviors, they also set an alarm to the society. Consumers tend to lose their cost-conscious sense. It is probably the influence of value-added advertisement, which convinces customers to pay more, or the celebrity marketing strategy that make low-cost items unpopular (Rao, 2005). The market has changed from mass to more specific. Consumers tend to further develop their needs to be more unique and specific (Genessa., Michelle, & Nancy, 2006). However, one has tokeep in mind that this that is closest to people's daily life, businesses should acknowledge the adverse effects of their strategies on consumers' buying decision and take ethical responsibility to control their competitions to the level that is healthy to the society. The government should play active roles in promoting and encouraging the business sector to compete in such directions. It is a task that the business sector and government should jointly undertake to prevent consumers in society from being the victims of the firms' economic success.

5. Future Research

The next future research should consider in (1) expanding in data collection to the upcountry all over Thai regional. That information will benefit to the government's policy to take closely control and monitoring on the businesses' competition. (2) Combine the resource-based views theory with the generic strategy together for study the firms' competitive advantage creation. The researcher will have more understanding both internal and external factor for the competitive advantage strategy.

****

References

Allen, R. S., & Helms, M. M. (2006). "Linking strategic practices and organizational perfor mance to Porter's generic strategies", *Business Process Management Journal, 12*(4), 433-454.

Ang, S. H., & Lim, E. A. C. (2006). The Influence of Metaphors and Product Type on Brand Personality Perceptions and Attitudes. *Journal of Advertising, 35*(2), 39-53.

Baumeister, R. F. (2002). Reflections and Reviews Yielding to Temptation: Self-Control Failure, Impulsive Purchasing, and Consumer Behavior. *Journal of Consumer Research, 28*(4) 670-677.

Belk, R. W. (1985). Materialism: Trait aspects of living in the material world. *Journal of Consumer Research, 12*(3), 265–280.

Belk, W., Pollay, R. W. & Belk, R. W. (1985). Three scales to measure constructs related to materialism: Reliability, validity, and relationships to measures Materialism and Magazine Advertising. *Advances in Consumer Research, 12*(1), 394-398.

Bellenger, D. N., Robertson, D. H., Hirschman, E. C. & Belk, R. W. (1978). Three scales to measure constructs related to materialism: reliability, validity, and relationships to measures Impulse Buying Varies by Product. *Journal of Advertising Research, 18*(6)15-18.

Berthoff, A. (2002). "Differentiation II", *Computer Dealer News, 18*(2), 20.

Bollen, K. A. (1989). *Structural Equations with Latent Variables.* New York: Wliey.

Boonchaisri, J. (2008). *Application of sufficiency economy for retail business in Udonthani Province. A Thesis for master of business administration.* Faculty of Business Administration. Khon Khen University.

Braun, O. L., Robert, A. W. (1989). Psychological Antecedents of Conspicuous Consump- tion. *Journal of Economic Psychology, 10*(2), 161-187.

Chaturongakul, A., & Chaturongakul, D. (2007). Consumer Behavior 8th ed. Thammasart University. Bangkok.

Chatvichean, W. (2008). *The Development of a web-based instructional model using project-based learning on science subject to develop the value of self-immunity in the sufficiency economy philosophy for grad ten students. A thesis for master of education. Faculty of Education.* Chulalongkorn University.

Cobb, C. J., & Hoyer, W. D. (1986). Planned Versus Impulse Purchase Behavior." *Journal of Retailing, 62*(4), 384-409.

Cox, K. (1964). The Responsiveness of Food Sales to Shelf Space Changes in Supermarkets. *Journal of Marketing Research, 1*(2), 63-67.

Festinger, L. (1954). "A theory of social comparison processes". *Human Relations, 7*(2), 117-140.

Fisher, R. J. (1995). Normative Influences on Impulsive Buying behaviour. *Journal of consumer research, 22*(3), 305-313.

Frank, R. H., & Cook, P. J. (1995). *The Winner-Take-All Society.* New York, NY: Penguin.

Fred, D. (2000). *Strategic Management Concepts and Cases,* Englewood Cliffs, NJ: Prentice-Hall.

Genessa, M. F., Michelle R. J., & Nancy L.C. (2006). An investigation of competitive pricing among apparel retailers and brands. *Journal of Fashion Marketing and Manage ment, 10*(4), 387-404.

Handeln. (1854). Law of diminishing marginal cltility (Gossen's First Law (1810-1858). Retrieved December 09, 2009 from http://en.wikipedia.org/wiki/Gossen's_laws

Granot, E. (2006). *Revealing vitoria's secret: a hermeneutic exploration of female new luxury consumers.* Dissertation for a Graduate School of the University of Massachusetts Amherst.

Hair, J. F., Anderson, R.E., Tatham, R. K., & Black, W.C. (1998). *Multivaraite data Analysis. 5th ed.* London: Prentice Hall.

Helms, M. M., Clay, D. & Peter, W. (1997). "Competitive strategies and business perfor mance: evidence from the adhesives and sealants industry", *Management Decision, 35*(9), 689-703.

Hlavacka, S., Ljuba, B., Viera, R. & Robert, W. (2001). "Performance implications of Porter's generic strategies in Slovak hospitals", *Journal of Management in Medicine, 15*(1), 44-66.

Hyatt, L. (2001). A simple guide to strategy, *Nursing Homes, 50*(1), 12-3.

Intrarat, K. (2008). *Sufficiency Economy indicator the Province-Level: Economic Dimensions. The Content Analysis of the Sufficiency Economy of State Policy.* Faculty of Economic. Chulalongkorn University.

Isarangkul na Ayudhaya, J., & Pibulsarawut, P. (2009). *Follow the King ,Sufficient life, come to sustainable development.* Sufficiency Economy Project .The crown Property Bureau.

Jacqueline, K. E., Ronald, E. G., Leisa, R. F. (1999). Status consumption in consumer behavior: Scale development and validation. *Journal of marketing Theory and Practice, 7*(3), 41

Jiratikorn, A., Osatapirat, P., Chamnansuk, P., Musont, C., & Wattananamkul, V. (2007). *Modern goods ways.* Academic Paper no. 64. Princess Maha Chakri Sirindhorn Anthropology Center. (PLC). Bangkok.

Jitsuchon, S. (2000). *Insufficient behavior with economic impact.* TDRI Report March no.24.

Kathleen, V., & Ronald, F. (2003). Self-regulation and Impulsive Spending Patterns. *Advance in Consumer Research, 30,* 125-126.

Krongkaew, M. (2003). *The Philosophy of Sufficiency Economy.* Kyoto Review of Southeast Asia, 4.

Lachitawong, C. (2008). *Behavior and factors affecting livings along sufficiency economy philosophy of savings among production credit group members. A thesis for master of political economics.* Faculty of Business Administration. Chiang Mai University.

Laughlin, J. D., & MacDonald, J. B. (2010). IDENTIFYING MARKET MAVENS ONLINE BY THEIR SOCIAL BEHAVIORS IN COMMUNITY- GENERATED MEDIA. *Academy of Marketing Studies Journal, 14*(1), 55-70.

Madsman, P. (2007). Materialism: Brand name merchandise for Hat Yai Deapartment Store. Retrieved From http://bungatanicity.blogspot.com/2007/08/blog-post_3381.html.

Marcoux, J., Filiatrault, P. ,& Cheron, E. (1997). The attitudes underlying preferences of young urban educated Polish consumers Towards Products Made in Western Countries. *Journal of International Consumer Marketing, 9*(4), 5-29.

Markus, C., & Ruskin M. M. (2005). Keeping Up With the Joneses: Analyzing the Effect of Income Inequality on Consumer Borrowing. *Quantitative Marketing and Economics, 3*(2), 145-173.

Marvin, E. G., Gerald J. G., Laura A. P., & Gary, B. (2003). Understanding Materialism Among Youth. *Journal of Consumer Psychology, 13*(3), 278-288.

McCracken, L. (2002). "Differentiation: win new business with less effort", *Principal's Report, 2*(4), 1.

Moschis, G., & Churchill, G. (1978). Consumer socialization: a theoretical and empirical analysis. *Journal of Consumer Research, 15*(4), 599-609.

Nunnally, J. (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill.

Pamela N. D. (2004). Why People Buy Things They Don't Need. Understanding and *Predicting Consumer Behavior.* Dearborn Trade.

Patterson, L. W. (1963). *In-Store Traffic Flow.* New York: Point-of-Purchasing Advertising Institute.

Penpinant, K., Lertchanrit, T., Dangklom, S., Chotiudompan, S., & Pakavarakpan, N. (2007). *To frontiers of knowledge: The consumer culture.* Academic Paper no. 64. Princess Maha Chakri Sirindhorn Anthropology Center. (PLC). Bangkok.

Ponchio, M.C., & Aranha, F. (2008). Materialism as a predictor variable of low income consumer behavior when entering into installment plan agreements. *Journal of Consumer Behavior, 7*(1), 21-34.

Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance.* New York: The Free Press. .

Prasopchoke Mongsawad, (2010).The philosophy of the sufficiency economy: a contribution to the theory of development : *Asia-Pacific Development Journal 17*(1), 123-143.

Puntasen, A. (1999). *Sufficiency Economy of King Bhumipol Adulayadej with analysis from economists.* Documentation of the conference year 1999 on Sufficiency Economy. The Chaipattana Foundation, National Research Council, NIDA, Office of the National Economic and Social Development Board and TDRI.

Rao, A. R. (2005). The Quality of Price as a Quality Cue. *Journal of Marketing Research, 42*(4), (November), 401-405.

Richins, M. L., & Dawson, S. (1992). A Consumer Values Orientation for Materialism and Its Measurement: Measure Development and Validation. *Journal of Consumer Research, 19,* 302-316.

Richins, M. L., Dawson, S. (1990). Measuring Material Values: A Preliminary Report of Scale Development. *Advance Consumer Research, 17,* 169-175.

Sereerat, S. (2002). *Consumer Behavior.* Bangkok: Visitpattana.

Singkra, K. (2007). *The Relevance between the Sufficiency Economy and the Decision-Making of Consumers in Chiang Mai Province on the Conversion of the Car's Propelling System from Using Gasoline to the LPG.* A thesis for master of science in geosocial based sustainable development. Faculty of Science. MaeJo University.

Solsilchai, N. (2008). *Community Attitudes towards the Philosophy of Sufficiency Economy in Samchuk District, Suphanburi Province.* A thesis for master of public administration. Faculty of Public Administration. Phranakhon Rajabhat University.

Srichaichana, T. (2007). *The relationship between household saving with concept of sufficiency economy Pisanulok Province.* A thesis for master of economic. Faculty of Economic. Naresuan University.

Sy, D. (2002). "The view from Taft", *Businessworld, 2,* 1.

Tantivejakul, S. (1988). *Living with Sufficiency Economy.* Matichon weekly. Bangkok.

Thongpakde, N. (2007). *Sufficiency Economy Philosophy: Historical Background and Interpretation.* Academic Seminar 2007. National Institute of Development Administration (NIDA).

Tuminello, R. (2002). "The psychology of client selection", *Northwest Construction, 5*(2), 14.

Turaphan, K. (2008). *The study the indicators of the sufficiency economy in family from rural people's view in Mung District, Udon Thani.* A thesis for master of education. Faculty of Education. Khon Khen University.

Walker, O. C. Jr. & Ruekert, R. W. (1987). "Marketing's role in the implementation of business strategies: A critical review and conceptual framework", *Journal of Marketing, 51*(3), 15-33.

Walters, C. G. (1978). Consumer Behavior and practice. 3rd. Homewood, III: R. D. Irwin

White, R. E. (1986). Generic business strategies, organizational context and performance: An empirical investigation. *Strategic Management Journal, 7*(3), -231.

Whittler, T. (1994). Eliciting consumer choice heuristics: sales representatives' persuasion strategies. *Journal of Personal Selling & Sales Management, 14*(4), 41–53.

WongKhum, P. (2008). The Develop a Video tape program on *"Sufficiency Economy" for pratomsuka 6* students. A thesis for master of education (Educational Technology and Communications). Naresuan University.

Yajom, J. (2008). Implementation of sufficiency economy of communities in Pai Municipality, Pai District, Maehongson Province. A thesis for master of political science. Faculty of Political Science and Public Administration. Chiang Mai University.

Yodpreutikarn, P. (2006). *The Use of the Process of Construction of Indicators in Comparing Sufficiency Economy and Buddhist Economics.* A dissertation for doctoral programme in buddhist studies. Mahachulalongkornrajavidyalaya University.

Zinkhan, G. M. (1994). Advertising, Materialism, and Quality of Life. *Journal of Advertising, 23*(2), 1-4.