



**PURCHASING BEHAVIOR OF DIAMOND JEWELRY  
IN ONLINE TO OFFLINE COMMERCE**

**BY**

**MISS VARAPORN SANTIWATANAKUL**

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL  
FULFILLMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF SCIENCE PROGRAM IN MARKETING  
(INTERNATIONAL PROGRAM)  
FACULTY OF COMMERCE AND ACCOUNTANCY  
THAMMASAT UNIVERSITY  
ACADEMIC YEAR 2014**

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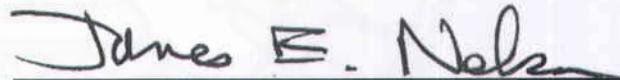
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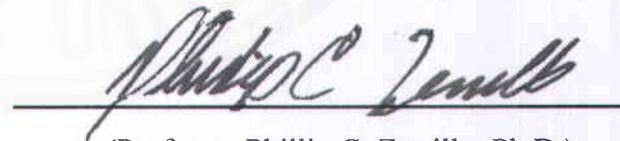
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### **ABSTRACT**

The purpose of this study is to understand consumer-buying behaviors, when they decide to buy diamond jewelry, especially those key factors that attract online users and direct them to offline physical diamond jewelry stores. The study also aims to explore those trigger factors, which influence consumer's decisions on purchasing jewelry diamond. The study was undertaken on both a qualitative and quantitative basis. For the qualitative research, observations were conducted at two diamond jewelry stores in the Bangkok area and in-depth interviews were conducted with 6 buyers of diamond jewelry and 2 owners of diamond jewelry retailer's to understand insights on consumer's behavior. For the quantitative research, the survey was conducted in the greater Bangkok area with a total number of respondents of 150, which would help identify the key trigger factors that attract purchasers. The research found that the purchasing behavior of diamond jewelry buyers varies mainly because of a differing purchase purposes. In a broad classification, customers can be categorized into 4 main groups according to their purposes; wedding, investment, ornament, and gift. The common key factors that all those 4 groups of diamond jewelry buyers are looking for is "the guarantee of the product after purchase".

**Keywords:** Diamond Jewelry, Diamond Jewelry Retailers, Online to Offline  
Commerce



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## CHAPTER 1

### INTRODUCTION

At present, there are over 50 million Internet users in Thailand and this number is growing larger every year (*BOI Thailand investment review, 2014*). The internet has become a powerful tool in the business processes. The Internet has transformed the face of the consumer buying behavior, starting from need creation all the way to final purchasing decision. Many businesses use the Internet to support their consumers or to act as a channel to sell or to promote their products. Nonetheless, there is an increased growth in the usage and deployment of social media and online marketing tools in Thailand. The number of consumers buying products online is still minimal compared to other developed market. Online retail accounts for only 1 percent of the total retail market in Thailand and is expected to remain small until 2018 (*Eileen Yu, 2014*). The main problem lies in the fact that Thai consumers prefer to visit the brick & mortar store and physically touch the products, especially in the luxury good category. There are signs that this behavior may carry with it social as well as entertainment value. Beside, those consumers also have low confidence about the security of online payment. But this does not mean that the consumer does not go to the online world to gain information and education about potential goods and services.

The Jewelry business is one of the most significant industries that have been driving the country's gross domestic product (GDP) of Thailand for the past decade. The forecast sales of jewelry market is expected to achieve 76.6 billion baht, with compound annual growth rate of 2% by the year 2018 (*Jewelry in Thailand report, 2014*). The Thai jewelry market has turned out to be a very competitive market and numerous jewelry retailers have gone out of business because of their inability to adapt their business model to the rapidly changing business environment. In order to survive, Thai diamond jewelry retailers have to find new ways to engage their customers and sell more products. Some of them choose e-commerce as the new channel, however; only a few are successful. The main problem is that the face of e-commerce in luxury product is still not fit with Thai culture.

From the situation above, online-to-offline (O-to-O) business model is an improved answer to solving the problem of Thai diamond jewelry retailers. Since it does not require a complete revolution like e-commerce, O-to-O commerce is about utilizing all of the resources in order to restore the value of offline retail by creating online community and utilizing their online channels and assets to promote and drive traffic to offline stores. To sum up, O-to-O is the used as an online asset to drive offline revenues.

Beside the concerns of online channel, the understanding of fundamental process of how each stimuli and consumer characteristics affecting their response behavior on buying diamond jewelry is also vital in developing the right marketing strategy for the right target.

The objective of this research is to understand consumer-buying behavior, when they decide to buy diamond jewelry, especially those key factors that attracting online user and directing them to offline physical diamond jewelry store. The study also aims to explore key triggering factors, which influence consumer's decision on purchasing jewelry diamond. The study also aims to reveal not only the answer of where do they buy it and how to increase traffic to a specific channel, but also the reasons why consumers purchase diamond jewelry.

## CHAPTER 2

### REVIEW OF LITERATURE

#### **2.1 Online-to-Offline business model**

According to the data from <http://www.consumerstrategist.com/> , Online-to-Offline retail strategy, are greatly affected by the increased influence of social media has created a significant impact on consumer buying behavior, especially in the consumer decision-making process. The affects are at the extreme level in the case of high-involvement products (e.g. diamond jewelry, car etc.), where customers often seek and acquire every detail of the information and the pros and cons of buying. Retailing businesses have to adapt their business model to the fast-changing business environment of the digital revolution if they are going to be able to engage and sell. The online-to-offline business model offers a potential solution to this problem.

Online-to-Offline commerce is a combination of offline business opportunities with the internet. Starting from using the online-site as the front counter to attract customers from online channels, while customers also can screen the offline-services from the other customers feedback via this channel, then bring those customers to the physical store; the real purchase is experienced only at the offline store (*Online-to-Offline retail strategy, 2014*). (Please see figure 2.1 in appendix A for the big picture of online-to-offline commerce, and figure 2.2 in appendix A for the benefit of O-to-O business model)

#### **2.2 Diamond jewelry retail business situation in Thailand** (Dr.Chackrit, 2014)

According to the data from <http://www.bu.ac.th/>. *The Analysis of Strategies for developing the Thai gems and Jewelry Industry*, the competition of the diamond jewelry retail business in Thailand is expected to be more intense with players pushing the market. Costume jewelry is growing at a rapid rate, while real jewelry remains important. The purposes for purchase expressed by consumers are increasingly diverse with producers reacting to this change by producing more sophisticated designs and products to satisfy those latent demands.

For the Competitive Environment, the Thai jewelry market is very fragmented; however, it is being dominated mainly by Jubilee, one of the biggest

jewelry retailers that have obtained good sales performance in 2013 as a result from its brand recognition and trust among customers. Although, Jubilee may have a presence in the market with a strong brand product; most players in the market still remain focused on selling the unbranded products.

Thai retail jewelry revenue is forecasted to reach \$76.6 billion in 2018. Price is expected to increase in the category of precious metals and stones. The trend of appearance-conscious and image caring products tend to become more visible in the future market resulting in the increase in sales of both costume and real jewelry. The market expects to be bombarded with new products and designs, which are created with the aim to capture sales. Intense competition in marketing and price promotion is yet to be seen in the future.

There are six factors that affect the Thai jewelry industry. First, the Macro-Economic impact on jewelry industry: has led to less demand of precious jewelry. Second, the fluctuation in price of precious material, such as, gold or white gold: the cost of raw materials in the finest jewelry often drive price and hence demand for the product. Third, consumer trends: Thai jewelry consumers pay attention to the standard or the certification of the diamond. Moreover, they also pay attention to the accuracy of the information that retailer's provided and the guarantee for the product quality. Fourth, the jewelry market will become more competitive as the AEC emerges, suppliers will come to Thailand for the benefit of tax shields. Fifth, even though, the online channel is coming to the Thai jewelry business, the most effective way to sell the jewelry product is still from the traditional way, which is a physical store or trade show. Sixth, different demand of foreign customers is driving the new style of jewelry product in Thai jewelry business.

### **2.3 Building a Luxury Brand Image in a Digital World**

According to the data from <http://www.knowledge.insead.edu>, some of luxury brand managers perceive the digital media as a threat with the worry that the brand will become “masstige” (a mass producer of prestige goods). Digital channels in today's business have become very important, since it can create strong benefit of powerful and closer connections with customers. So, if brands do not use the digital media, they could risk being shut out of conversations to their customers.

The key question for luxury brands in a digital world is “How to maintain demand and a big customer base while remaining exclusive?” This is the most important issue as digital channel “exposes” brands. Luxury brands often build their brand promise through a unique in-store environment and exclusive services which aren’t easily transferred to the online world.

There are three suggestions for the luxury brand in the digital world. First, use the digital engagement as a way to leverage an additional consumer touch point, rather than jeopardizing existing sales. Keep in mind that the key differentiating factor of luxury brand will remain the in-store experience and customer service. Second, luxury brands are supposed to create a distance between the brand and its customers to create ‘the dream’. Third, to build a prestigious image in the digital world, luxury brands have to increase their brand awareness and value by utilizing different digital channels to their maximum advantages. Studies have shown that the choices of digital media channel will be influenced by one’s life style. For example, Burberry’s Facebook page is very ‘product’ driven while the company’s blog account is much more ‘lifestyle’ driven, posting much less on products and proportionally more on styling influences.

In conclusion, the digital revolution has led to much more complicated brand-building, this requires luxury brands step up and strategically engage in brand-image building, and use digital media as a tool to leverage the customer engagement with the brand. One thing that brand managers can be sure of is that the younger consumer today will be more ready to accept online information in the future. More emphatically, they will be demanding that they are spoken to in this format.

#### **2.4 Branding in the jewelry industry**

Based on the data from “*The world jewelry confederation*” or “*CIBJO*”, the international confederation of Jewelry, Silverware, Pearls and Stone, provided the comprehensive knowledge of branding in the jewelry industry. CIBJO stated that “A brand is a symbolic embodiment of all the information connected to a company, product or service” (*Retailer’s Guide, 2012*) branding in the jewelry industry is a powerful force for the future. Brands are very important in generating consumer choice and bring new consumers to market.

There are seven reasons why there is a great opportunity for jewelry brands in the future. First, evidence indicates that branded diamond jewelry offerings help secure market share and increase customer loyalty. With a brand that is recognizable the consumer has something to be loyal to. Second, as sales of diamond jewelry, in the retail market, are very fragmented, branding can help retailers differentiate themselves. Third, branding can help to improve the customer's shopping experience. Fourth, industry players have not spent significantly to build or support their brands, so branding building is in its infancy and there are great opportunities for the diamond jewelry retailers. Fifth, the global jewelry market is largely unbranded providing opportunity for those who can build customer brand awareness. Sixth, branding can create a more trustful environment in the customer mind. Last, when women purchase jewelry for themselves they tend to be very design driven. Having brands helps communicate those styles and assists the female consumer in her shopping experience. In summary: Thus, those retailers who really understand how to translate these consumers desires will be the one to capture the market. Diamond jewelry brands can be created and communicated as products and brands that can satisfy consumer needs.

There are five ways to suggest to the diamond jewelry retailers in order to brand the diamond jewelry store. First, jewelry retailers should have the varieties of stock that can match with the different desires of customers. Second, the jewelry retailer should have a strong relationship with the right customers. Third, a jewelry retailer should embrace the innovation in the product ranges in order to stimulate customer's desires and to re-purchase the product. Fourth, diamond jewelry retailers should always have an excellence in design of the product. Last, the diamond jewelry retailer should create an easy environment within the store, for example, easy for the customers to find the product that they want and to experience it.

### **2.5 The Buying Decision Process, the Five – Stage Model (Kotler, 2012)**

Prior to making any decision to buy or not to buy something, each individual needs to go through a complex decision making process. Generally speaking, the process can be classified into five stages: 1) Problem recognition 2) Information search 3) Evaluation of alternatives 4) Purchase decision and 5) Post purchase

behavior. As a marketer, in order to better understand the consumers' behavior and to encourage the use of one's products, it is important that we take each stage into consideration.

All purchases start with a problem or need recognition emanating from individual customer, whether it was created from either internal or external factor(s). Internal factors deal primarily with the human's basic needs where as external factors were caused by our desire to have or to consume certain things we observe in the society. It is very important that the marketer should understand this process, as they will be able to influence the demand for their products directly. However, this process is not simply a straight forward as one might think. Rather than a self-generated preference of choices, consumer can sometime seek out for comments or feedbacks from other sources. The four predominant sources are Personal, Commercial, Public, and Experiential. The degree to which sources can influence the decision process depends on each individual background and current status.

Decision process can also be viewed in terms of heuristics where individual decides base on his or her past experiences and general rules of thumb. Normally, as the consumer collects more and more information pertaining to the universe of products they will likely to come up with a short list of brands. It is highly likely that the final decision will come from these shortlisted candidates. Hence, it is the marketer's job to identify the hierarchy of properties and increase the chance of getting included in the shortlisted. Note that, factors influencing the decision process can change with the passage of time. Consumers today need not to be moved by the same attribute as compared to consumers in the 90's. In addition to attributes that influence the decision process, the way information is presented to the customer can also influence their final decision. By studying the consumer's behavior and psychology, marketers have a higher chance in providing an effective communications to the target market.

The challenge lies in the fact that, given the diverse background of each individual, there is no single set of messages that can communicate effectively across all customers every time. The decision making process can be better described as a learning experience for each person. Through experiences, ones is likely to form a belief which can be translated into attitudes. A belief is a descriptive thought that a



person holds about something while an attitude is either an enduring favorable or unfavorable evaluations or feelings toward something. Attitudes play an important role in determining the customer's state of mind and can demonstrate a consistent way one reacts toward similar objects. Once established it is very difficult, if not impossible, to alter. A company that understands these relationships or process may have found an easier way for the company to communicate effectively with the customer. They are thus able to efficiently direct their communication toward an existing attitudes rather than trying to change all of them.

After collecting enough information, now is the time the customer makes an actual purchase decision. At this stage, the process is influenced by brand, dealer, quantity, timing, and payment method. By looking back into the shortlisted candidate it is now that the customer uses rules of thumb in eliminating inferior choices. Several factors can come into play concurrently. However, during this stage, attitudes of others and unanticipated situational factors that may erupt can intervene between the purchase intention and the actual purchase decision

Once the customer has purchased the product, the marketer's job has not finished just yet. Evidenced by the fact presented all over the news these days, the importance of after sales support cannot be stressed enough. Brands can be benefited in several ways with a strong CRM system. Ultimately, a customer, who has a high degree of loyalty toward a brand, is likely to be the one that shows repeated purchases pattern. Hence, brands have the duty to take care not only the physical use of the product, but it will have to extend their scope to how the customer feels after their decision to buy.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Research objective**

The purpose of the study is under contemporary topic in applied marketing related to technology opportunities. The main purpose is to understand the diamond jewelry buyer behaviors toward online purchasing and to investigate the nuances of the online-to-offline business model. To achieve the study's purpose, the research will be covered in the objectives below;

1. To understand and profile the buying behavior of diamond jewelry customers.  
Among the profile characteristics are:
  - 1.1) Demographic Profile (i.e. Age, Income, Sex etc.)
  - 1.2) Behavioral Profile (i.e. frequency of buying diamond jewelry, spending per times, buying channel etc.)
2. To understand and analyze consumer-behavior, when they decide to buy diamond jewelry, and the consumer decision-making model
  - 2.1) To explore the factors that influence the purchasing decision of buying diamond jewelry starting from Need recognition, to information search, and through the eventual evaluation of alternatives to purchase.
  - 2.2) To explore those key factors in the online-to-offline business model that attracts online users and direct them to offline physical diamond jewelry store.

#### **3.2 Research Methodology**

Exploratory and descriptive research has been conducted as the means of data collection and analysis methodology.

### **3.2.1 Exploratory Research**

#### **3.2.1.1 Secondary Research**

Objective: The objective of this portion of the research is to develop the big picture and primary understanding of the current trends of the diamond jewelry business, including the current use of online channels in the industry. Moreover, the researcher has also collected data to gain more knowledge about online to offline business strategies and basic research theories to conduct the survey and guiding this study.

Data collection: The secondary data collection consisted of past research, literature, publications and journals. Most of the data was collected from available online (internet) sources. The data served as the basis of reference for this study. The information is beneficial in providing the guidelines of the study and giving more details on the diamond jewelry industry in Thailand. The secondary data finding were used as beneficial criteria to set up the qualitative and quantitative question in the later phrase.

#### **3.2.1.2 Observation**

Objective: The objective of observation portion of this research was to gain more understanding of the purchasing behavior of diamond jewelry consumers in offline or rather more succinctly, the retail jewelry shop. The observations and results were used to support the conducting of in-depth and quantitative questionnaire questions.

Data collection: The observations were conducted at two retail jewelry shops located in Bangkok for the purpose of observing consumer's buying behavior in purchasing diamond jewelry through the offline channel (Physical store).

#### **3.2.1.3 In-depth Interview**

Objective: In-depth interviews were applied for qualitative research with the purpose of exploring consumer insights in terms of consumer's attitudes toward online to offline marketing in diamond jewelry industries and consumer behavior in buying diamond jewelry. These interviews helped the researcher gain a more

insightful understanding toward problems and opportunities of online to offline commerce in the jewelry retailing business, as well as, gain an in-depth understanding of the customer's behavior. Moreover, these interviews also helped the researcher to gain a better understanding of the branding of diamond jewelry products. The questions of the interviews covered information regarding consumer decision process and the key triggers that affect the purchasing behavior when buying diamond jewelry. These insights helped the researcher in the process of developing an impactful questionnaire in the next section of the study.

Data collection:

Sampling Method: convenience sampling

Collection Method: The interview sessions were based on face-to-face meetings to gain the verbal responses as well as the mood and body language of respondents.

Sample size: A total of eight qualified respondents, six of them were previous diamond consumers that purchased diamond jewelry within a year. There was a mix of genders and the mix of age ranges. Moreover, I also interviewed two owners of diamond jewelry retail establishments in Bangkok to be respondents.

### **3.2.2 Descriptive Research**

#### **3.2.2.1 Questionnaire Survey**

Objective: The major purpose of the survey questionnaire was to test among various hypotheses, gained from secondary and exploratory research in order to study behavior of consumers in purchasing diamond jewelry from online to offline commerce. The main objective of this research step was to be used to outline each question in the questionnaire. The questionnaire consisted of five parts as follows;

***Part1: Screening question***

The objective of this section was to ensure that the respondents' specifications to match with sampling criteria, which are Thai people age between 18-60 years old who bought diamond jewelry at least once time in the past 1 year.

## ***Part2: Purchasing behavior***

The objective of this part of the research was to understand the buying behavior and investigate the factors that affect the purchasing decision when individuals are buying diamond jewelry.

### **Part2.1: Behavior profile**

#### ***a. Diamond jewelry buying frequency***

The objective was to investigate jewelry purchasing frequency level. There were 5 multiple choices, which are less than once a year, once a year, 2-5 times a year, 6-9 times a year and more than 9 times a year. This part is based on nominal scale of measurement.

#### ***b. Spending diamond jewelry per time of purchase***

The objective was to investigate the average spending for diamond jewelry per incidence of purchase. There were 5 multiple choice categories: 1) less than 20,000 baht spent 2) 20,001-50,000 baht 3) 50,001-100,000 baht and 4) over 100,000 baht. This question employs a nominal scale of measurement.

#### ***c. Type of shopping place***

The objective was to investigate type of shopping place that each respondent used in the past 1 year. There were 5 choices, which are diamond jewelry counter in the department store, diamond jewelry shop in the department store, stand-alone diamond jewelry shop outside the department store, tradeshow and online channel. This again was constructed to provide nominal data.

### **Part2.2: Purchasing behavior channel according to consumer behavior model**

#### ***a. Need and recognition***

The objective was to investigate the purpose of diamond jewelry adoption that each respondent adopted in the past 1 year. There were 5 choices, which are a) to be used in a wedding, to be used as an investment, to show your social status, to use as an ornament and to use as a gift.

#### ***b. Information search***

The objective was to investigate what media channel the respondents received or searched for information about the diamond jewelry. This part is based on nominal scales of measurement.

*c. Evaluation of alternative and purchase*

The objective was to investigate the obstacle factors that affect purchasing decisions when buying diamond jewelry. The choices consisted of 5 parts as follows;

- 1.) Product (The modern design of the product, the quality of the product)
- 2.) Price of the product
- 3.) Place or the store location
- 4.) Promotion (The percent discount or the promotion with the credit-card)
- 5.) Other factor (The store credibility, Branding, Consulting about the product given by seller, Guarantee for the product after purchase and the return/change product policy)

Respondents were asked to rate the level of importance from their opinion on each level of attitude. The questions were framed from their opinion agreement level on each item from: 1 = strongly not important, 2 = not important, 3 = important and 4 = strongly important. This part is based on nominal scale of measurement.

***Part3: Online usage behavior***

The objective of this part of the research was to investigate the website or application that respondents usually used. There were 9 choices, which are “Line” application, Facebook application, Instagram application, printerest application, [www.google.com](http://www.google.com), [www.weloveshopping.com](http://www.weloveshopping.com), [www.siambrandname.com](http://www.siambrandname.com), [www.pantip.com](http://www.pantip.com), [www.jeban.com](http://www.jeban.com) and websites about weddings. Respondents were asked to rate the level of usage frequency from their opinion on each level of frequency which 1 = Not at all, 2 = Sometimes, 3 = Frequent and 4 = Always. This item is based on interval scale of measurement.

***Part4: Online to offline business in diamond jewelry business***

*a. Factors that attracting diamond purchaser from online site and diverts them to offline physical diamond jewelry store*

This section of the research was designed to look at the trigger factors that attract online users and direct them to offline physical diamond jewelry store. There were 9 choices, which are a) beautifully design of website, b) easy to use of website, c) varieties of products shown in the website, d) state the price of product clearly in the website, e) state the description of product clearly in the website, f) beautifully product's picture in the website, g) good review on social network, h) large number of facebook fan page/ Instagram and quick response for the customer's questions. Respondents were asked to rate the level of attitude from their opinion on each level of frequency which 1 = strongly not important, 2 = not important, 3 = important, 4 = strongly important. This part is based on interval scale of measurement.

*b. The obstacles factor of buying jewelry online.*

To ascertain some of the potential factors that work as obstacles to buying diamond jewelry online. The objective was to investigate the obstacles factor of buying jewelry online. There were 6 choices, which are a) unsure about the accuracy of picture shown on the website, b) unsure of the quality of the product, c) unsure about the payment method, d) unsure about the product's transportation after purchase, e) want to talk with seller before buying and f) want to see physical creditability before buying. This data was collected using a nominal scale of measurement.

***Part5: Demographic***

The objective of this part was to collect demographic profiles of respondents including age, occupation, gender and monthly income. This portion of the research again utilized nominal scale approach.

Sampling Procedures: The convenience sampling method and Non-probability sampling was applied to recruit 150 respondents who reside in Thailand. The sample selection was firstly based on the general criteria below;

- Thai residents.
- Aged 18-60 years,
- All genders
- Bought the diamond jewelry at least 1 times within the past year.

Data collection: The questionnaire was distributed by manual distribution with convenience sampling method. 150 completed questionnaires were collect. These questions of total 150 sets were analyzed by SPSS statistical package software.

The pilot-test on the questionnaire was conducted with 20 respondents to make sure that the flow of the question set is suitable and that the questionnaire is readable.

### **3.2.3 Data Analysis**

All collected data was processed using Statistical Package for the Social Sciences (SPSS). Statistical analysis methods are as follows;

**Frequency Analysis:** to see how the data were distributed in the overall questionnaire by quantity and percentage of frequency analysis are the key method in analyzing and displaying the distribution of the independent variables which are respondent's demographic responses (gender, age, occupation and income) and the purpose of buying diamond jewelry.

**Cross Tabulation:** to summarize each categorical data to create a contingency table to show how many cases in each category of one variable are divided among the categories of one or more additional variables.

**Mean Comparison:** comparing means is a key analysis method in order to identify potential trigger factors that affect the purchasing behavior among each group of respondents. A one way ANOVA method was implemented to compare the means of dependent variables.



## CHAPTER 4

### RESULTS AND DISCUSSION

#### **4.1 Key findings from Exploratory Research**

##### **4.1.1 Secondary Data**

Thailand's jewelry industry is a major contributor to the national economy. Fine jewelry was the most important product in this industry. Most of the operators that sell and market fine jewelry in the domestic or international markets are small and medium-sized enterprises (SMEs).

For the domestic market, real diamond jewelry dominated retail sales value. High-end consumers are attracted to real jewelry as a mean to express their social status. In addition to collectibles, diamonds can also be viewed as investments since their value tends to increase over time. The competitive landscape within the country is fragmented, the market is characterized by clusters of small players and unbranded products, the top seven players only accounted for around 6 percent of the total market share in 2013. During 2013 - 2014, the local gems and jewelry market grew steadily with several retailers reaching out to a new group as well as maintaining their existing customers. Competition was intensified by the use of promotional campaigns through both traditional and online marketing channels.

As more and more Thais are introduced to the online world, the internet has altered our lifestyle dramatically. Several media are being gradually replaced by the internet. For example, LINE chat has in large part replaced the traditional telephone conversation; YouTube has steadily been replacing traditional TV programs, etc. Therefore, many organizations, including the Thai Jewelry Diamond Retailers, are exploring how to best use the benefit of the internet in promoting their business. Nonetheless the number of actual online purchases is still very low amongst Thais compared to other markets. In contrast to consumers located in other markets, Thai people need to actually see and touch the products before making any purchase decisions. Furthermore, one of the main obstacles is that Thai people are not yet comfortable in providing personal data (e.g., bank account, credit card information, ID number, etc.) to online retailers. As a result, it is very challenging for businesses to

do online marketing activities and retain the actual sales at the same time thus Online-to-Offline model seems to be the perfect answer for the Thai Diamond Jewelry Retailers.

#### **4.1.2 Observations**

The objective of this exercise is to observe the purchasing behavior of Thai people who buy diamond jewelry in retail channels. The market observations were conducted at two jewelry shops located at CentralWorld and the Old Siam Department Store respectively. Both shops have been well decorated in order to create an exclusive experience to their customers. However, each store is targeting a slightly different market group with the store located at CentralWorld targeting high-income customers, while the second store targets a medium to high-income segment. During the observations, research found that the sellers in both stores encouraged their customers to try several pieces of jewelry in order to enhance the probability of closing the sales. Normally, customers had sought out the designs of jewelry they had seen or learned about in Medias such as the magazine, internet, or the shop's website before they made an actual visit to the store. However, some of them changed their mind when they saw the actual products. For the payment method, both stores offered their customers three payment options; cash, credit card, and online transfers. A certificate warranting the genuine authenticity of the products is provided at both stores. However, only the store located at the Old Siam location offered its customer a return policy.

#### **4.1.3 In-depth Interviews**

In order to gain an insight and understanding of the consumer decision making process toward purchasing diamond jewelries, researcher interviewed the two owners of the diamond jewelry retail establishments as well as six individual diamond consumers. Researchers tried to study both internal (e.g., lifestyle, attitude, etc.) and external (e.g., socioeconomic, etc.) motivators. The data collected in this step were then used as a skeleton in designing a questionnaire to later test the validity of assumptions.

Triggers to Buying Diamond Jewelry; based on the findings of in-depth interviews, the researcher found that the purchasing behavior of diamond jewelry

buyers varies mainly because of a different purpose of purchase. From interviews with retailer's owners, customers can be categorized into 4 main groups according to their purchase purposes; wedding, investment, ornament and gift. From interviews with six diamond consumers, two of them bought the diamond jewelry for the purpose of a wedding; another two respondents bought the diamond jewelry for the purpose of ornament, one of respondent saw diamond jewelry as an investment and the last respondent bought the diamond jewelry for a gift.

For the two respondents that bought diamond jewelry for the purpose of a wedding, both of them are female aged 29 and 32 years old. They are both first time buyers; they have only little knowledge regarding diamond. Therefore, they tried to find information about diamonds from their friends/family or through the internet before making any decisions. One of them purchased the engagement ring from the store that she found from the internet, however, she had gone to that physical store to see the credibility of the shop and to see the real product before purchase. For the key factors that affect their purchasing decision, both of them said that the unique design and the quality of the product are the most important factors in making the last decision.

For the two respondents that bought diamond jewelry for the purpose of an ornament, both of them are female aged 37 and 45 years old. They bought diamond jewelry between 2 – 5 times a year. These customers are jewelry diamond collectors; they are looking for the products that match with their styles. The main purpose of purchasing fine jewelry diamonds for this group is to show their social status, so the branding of the product is quite an important factor for this group.

For the respondent that bought diamond jewelry in the purpose of investment, the subject is a man 42 years old. He buys diamond jewelry approximately 2 – 5 times a year. The main purpose for buying diamonds is to resell the diamond at higher prices in the future. The respondent said that he will buy the diamond only when the world's price of diamond is dropping. Thus, the most important factor that effects his purchase is the price, he doesn't care about the product design because normally he buys "loose diamonds", as the loose diamond is easier to sell than the fine jewelry diamond which is imbedded in a jewelry setting. To sum up, the buying

characteristics of this group is that they are knowledgeable but quite price sensitive compared to other groups.

For the respondent that bought diamond jewelry for the purpose of gift. The respondent is a 35 year old-female, who bought the diamond pendent for her younger sister to be a gift on her wedding day. She was looking for a good quality diamond because she wanted to give the best present to her sister. Beside the quality of diamond, she was also looking for the promotions from the diamond jewelry store, which provides her with an added benefit. If two jewelry stores provided the same quality of diamond, she would choose the store that provided the promotion with higher benefit for her.

## **4.2 Key findings from Descriptive Research**

### **4.2.1 Frequency Distribution of Independent Variables**

**Figure 4.1: Summary of Respondents' Demographics (n=150)**

Respondent Demographics		N	%
Gender	Male	106	71%
	Female	44	29%
Age	18 - 25 years old	3	2%
	26 - 39 years old	87	58%
	40 - 60 years old	60	40%
Occupation	Student	5	3%
	Government employee	17	11%
	Office worker	77	51%
	Business owner	38	25%
	Housewife / Husband	13	9%
Income	Lower than 15,000 Baht	3	2%
	15,000 - 25,000 Baht	8	5%
	25,000 - 50,000 Baht	52	35%
	50,000 - 100,000 Baht	61	41%
	100,001 - 150,000 Baht	5	3%
	More than 150,000 Baht	21	14%

From 150 respondents, the majority of the respondents are female, 106 persons or 71%. The major respondent's age is between 26 – 39 years old 87 persons, which accounts for 58%, followed by respondent's age between 40- 60 years old 60 persons , account for 40%, and 18 – 25 years old 3 persons, account for 2%. The major occupation of respondents is office worker which accounted for 77 persons from 120 respondents (51%), followed by business owner 38 persons (25%) and other occupations are Government employee 17 persons (11%), Housewife/Husband 13 persons (9%) and Student 5 persons (3%). The major population has income between 50,000 – 100,000 Baht and 25,000 – 50,000 Baht which equal 61 persons or 41% and 52 or 35% persons of the total 120 respondents, followed by more than 150,000 Baht 26 persons or 17%.

**Figure 4.2: Summary of Respondents' behavior profile (N=150)**

Behavior Profile		N	%
Frequency of buying	Less than a year	20	13%
	Once a year	84	56%
	2 - 5 times a year	34	23%
	6 - 9 times a year	8	5%
	More than 9 times a year	4	3%
Purchase budget per time of purchase	Less than 20,000 Baht	20	13%
	20,001 - 50,000 Baht	69	46%
	50,001 - 100,000 Baht	36	24%
	More than 100,000 Baht	25	17%
Place to buy Diamond jewelry (Respondents can choose more than 1 answer)	"counter" of diamond jewelry <u>in</u> department store	23	15%
	"shop" of diamond jewelry <u>in</u> department store	43	29%
	"shop" of diamond jewelry <u>outside</u> department	108	72%
	Tradeshaw	10	7%
	Online channel	2	1%
	Other	7	5%

For the frequency of buying jewelry, more than half of respondents answered “once a year” which accounted for 84 persons or 56% of all respondents. Followed by 34 persons or 23% answering 2 – 5 times a year, 20 persons or 13% answered less than a year, 8 persons or 5% answered 6 – 9 times a year and only 4 persons or 3% answer more than 9 times a year. The majority of the respondents, 69 persons or 46% of respondents have a purchasing budget for buying diamond jewelry of between 20,001 – 50,000 Baht per time of purchase. There are 36 persons or 24% of respondents have purchasing budget 50,001-100,000 Baht per time of purchase, 25 persons or 17% have purchasing budget more than 100,000 Baht per time of purchase and 20 persons or 13% have purchasing budget less than 20,000 Baht per time of purchase. For the place of buying diamond jewelry, the majority, 108 persons or 72% of 150 respondents, answer that they bought the diamond jewelry from stand-alone diamond jewelry store outside the department store.

**Figure 4.3: Summary of Respondents’ channels that respondents receive or search information about diamond jewelry (N=150) (Respondents can choose more than 1 answer)**

Channel	N	%
Magazine	<b>27</b>	<b>18%</b>
TV	5	3%
Radio	7	5%
Advertisement at point of purchase	2	1%
Family / friend	<b>89</b>	<b>59%</b>
Online site (Google, facebook etc.)	<b>82</b>	<b>55%</b>
None	3	2%

This section of the results shows the channel that respondents choose to receive or search information about the diamond jewelry. The channel which received most popular answer is “Family/friend” with 89 persons or 59% of all respondents. The second highest chosen channel is “Online site” with 82 persons or 55% of respondents answer this question. And the third highest selected channel is “Magazine” with 27 persons or 18% of respondents.

**Figure 4.4: Summary of Respondents' online channels that respondents normally used (N=150)**

Website /Application	Not at all		Sometimes		Frequently		Always		Mean
	N	%	N	%	N	%	N	%	
Google	7	5%	10	7%	45	30%	88	59%	<b>3.43</b>
LINE	5	3%	10	7%	37	25%	98	65%	<b>3.52</b>
Facebook	24	16%	8	5%	27	18%	91	61%	<b>3.23</b>
Instagram	69	46%	19	13%	14	9%	48	32%	2.27
Pinterest	120	80%	20	13%	8	5%	2	1%	1.28
Website: Weloveshopping	71	47%	63	42%	16	11%	0	0%	1.63
Website: Siambrandname	101	67%	31	21%	17	11%	1	1%	1.45
Website: Pantip	27	18%	52	35%	52	35%	19	13%	2.42
Website: Jeban	113	75%	19	13%	15	10%	3	2%	1.39
Website: Wedding	100	67%	44	29%	4	3%	2	1%	1.39

The top 3 most popular website/application among respondents is LINE, Google and Facebook. Line application got the highest mean of total score with 3.52, 98 persons or 65% of respondent's answer "Always" used LINE application in their everyday life and only 5 persons or 3% answered "not at all". The second highest mean of total score is for using Google with a mean score of 3.43, which means that the majority of respondent frequently use the Google. And the third highest mean total score is Facebook, with a mean score 3.23

**Figure 4.5: Summary of Respondents' factors that affect diamonds' purchasing behavior (n=150)**

Factors	Strongly not important		Important		Not important		Strongly Important		Mean
	N	%	N	%	N	%	N	%	
Modern design of product	3	2%	7	5%	45	30%	95	63%	3.55
The quality of product	3	2%	8	5%	29	19%	110	73%	3.64
Price of product (Cheap)	8	5%	41	27%	54	36%	47	31%	2.93
Store location (Convenient)	52	35%	71	47%	16	11%	11	7%	1.91
Percent discount	31	21%	31	21%	36	24%	52	35%	2.73
Promotion with credit card	36	24%	42	28%	24	16%	48	32%	2.56
Store creditability	3	2%	7	5%	28	19%	112	75%	3.66
Branding	4	3%	41	27%	38	25%	67	45%	3.12
Informative seller	2	1%	1	1%	42	28%	105	70%	3.67
Guarantee after purchase	2	1%	2	1%	37	25%	109	73%	3.69
Return/change product policy	2	1%	12	8%	48	32%	88	59%	3.48

This section of the result shows the factors that affect diamonds' purchaser behavior of all respondents.

**Factor 1: The modern design of product;** the majority, 63% or 95 out of 150 persons, of the respondents answered "strongly important" when queried about this particular factor. 45 persons (30%) answered that this factor is "important", 7 persons (5%) answer "Not important" and only 3 persons (2%) answer "Strongly not important". The average answer is 3.55 or somewhere in the middle of strongly



important and important. This means that the modern design of product is relatively strongly important for the purchasing decision of buying diamond jewelry.

**Factor 2: The quality of the product;** the majority, 73% or 110 respondents, answer “strongly important” with this factor. There were 19% or 29 respondents that answered “important”, followed by 5% or 8 respondents answering “not important” and only 2% or 3 persons who answered “strongly not important”. The average answer is 3.64 which mean the quality of the product is relatively strong or important consideration for the purchasing decision of buying diamond jewelry.

**Factor 3: The cheap price of the product;** the answer of the respondents in this factor varies quite a bit. There are 36% or 54 persons answer “important, 31% or 47 persons answer “strongly important”, 27% or 41 persons answered “not important and only 5% or 8 persons answering “strongly not important”. The mean total score is **2.93** which mean the cheap price of the product is quite important to the decision making procedure on purchasing diamond jewelry, but it is variable and for some segments and less variable for others.

**Factor 4: The convenient of store location;** almost half of respondents, 71 persons or 47%, answered “not important” for this factor. 52 respondents or 35%, answered “strongly not important”, 16 respondents or 11% answered “important” and 11 respondents or 7% answer “strongly important. The mean total score is 1.91 means that the convenience of the store location is somewhat not important to the decision-making procedure for purchasing diamond jewelry.

**Factor 5: The percent discount;** the majority (52 persons or 35%) of the respondents answered “Strongly important” with this factor. There are 36 persons or 24% answering “important”, 31 persons or 21% answered “not important” and 31 persons or 21% answered “strongly not important. The average answer is 2.73, which indicates that the percentage discount is quite important to the purchasing decision of buying diamond jewelry.

**Factor 6: Promotion with the credit card;** this factor’s result does not have an outstanding majority answer. 48 respondents or 32% answered “strongly important”, 42 respondents or 28% answered “not important”, 36 respondents or 24% answered “strongly not important” and 24 respondents or 16% answered “important”. The mean of total score is 2.56

**Factor 7: Store creditability;** more than half, 112 persons or 75% of respondents, answer “Strongly important”. There are 28 persons or 19% answered “important”, 7 persons or 5% answered “not important” and 3 persons or 2% answered “strongly not important”. The average answer is 3.66 which mean that the store creditability is relatively strongly important to the decision making procedures on purchasing diamond jewelry.

**Factor 8: Branding;** the majority, 67 persons or 45% of respondents, answer “strongly important”. There are 41 persons or 27% answer “not important”, 38 persons or 25% answer “important” and only 4 persons or 3% answer “strongly not important”. The mean of the total answers is 3.12 which mean Branding is quite important to decision making procedures on purchasing diamond jewelry.

**Factor 9: Consulting about the product given by seller;** more than half, 105 persons or 70% of respondents, answer “strongly important”. There are 42 persons or 28% answer “important”, and only 2 respondents (1%) and 1 respondents (1%) answer “strongly not important” and “not important” accordingly. The mean of total score is 3.67 or somewhere in the middle of strongly important and important. This means that the modern design of product is relatively strongly important for the purchasing decision of buying jewelry.

**Factor 10: Guarantee for the product after purchase;** more than half, 109 persons or 73% of respondents, answer “strongly important”. There are 37 persons or 25% answer “important” and only 4 respondents or account for 2% answer “not important” and “strongly not important”. The mean of total score is 3.69 or somewhere in the middle of strongly important and important. This means that the modern design of product is relatively strongly important for the purchasing decision of buying diamond jewelry.

**Factor 11: Store has a return/change product policy;** the majority (88 persons or 59%) of the respondents answer “strongly important” with this factor. There are 48 persons or 32% answer “important”, 12 persons or 8% answer “not important” and only 2 persons or 1% answer “strongly not important”. The average answer is 3.48.

**Figure 4.6: Summary of Respondents' factors that attracting diamond purchaser from online site and diverts them to offline physical diamond jewelry store (n=150)**

Factors	Strongly not important		Important		Not important		Strongly Important		Mean
	N	%	N	%	N	%	N	%	
1. Beautifully design of website	10	7%	34	23%	92	61%	14	9%	2.73
2. Easy to use of website	9	6%	22	15%	72	48%	47	31%	3.05
3. Varieties products shown in the website	7	5%	15	10%	64	43%	64	43%	3.23
4. Show price of product clearly in website	7	5%	11	7%	68	45%	64	43%	3.26
5. Show description of product in website	7	5%	5	3%	66	44%	72	48%	3.35
6. Beautifully product's picture	7	5%	20	13%	68	45%	55	37%	3.14
7. Good review on social network	7	5%	42	28%	50	33%	51	34%	2.97
8. Large number of facebook fan page	17	11%	50	33%	75	50%	8	5%	2.49
9. Quick response to customer question	6	4%	19	13%	55	37%	70	47%	3.26

**Factor 1: Beautifully design of website;** the majority, 92 persons or 61% of respondents, answered “important” with this factor. There are 34 persons or 23% answered “not important”, 14 respondents or 9% answering “strongly important” and 10 persons or 7% answer “strongly not important”. The average answer is 2.73 which mean the beautiful design of website is a somewhat important factor that attracts diamond purchaser from the online site.

**Factor 2: Easy to use of website;** almost half of the respondents, 72 persons or 48% answered “important” with this factor. While 47 persons or 31% answered “strongly important”, 22 persons or 15% answered “not important” and 9 persons or 6% answered “strongly not important”. The average answer is 3.05 which mean this is indeed quite important.

**Factor 3: Varieties of products shown in the website;** the majority of the respondents answered “strongly important” and “important”. There are 64 persons or 45% who answered “strongly important” and 64 persons or 43% answered “important”. 15 respondents or 10% answered “not important” and 7 respondents or 5% answered “strongly not important”. The average answer is 3.23 which mean that the variety of products is somewhat important to attract diamond purchaser from online site.

**Factor 4: State the price of the product clearly in the website;** the majority of this factor belongs to the answer of “important” and “strongly important”. There are 68 persons or 43% answered “important” and 64 persons or 43% answered “strongly important”. 11 respondents or 7% answered “not important” and 7 respondents or 5% answered “strongly not important”. The average answer is 3.26 which mean that this factor is quite important in the customers’ decision.

**Factor 5: State the description of the product clearly in the website;** the majority of respondents belong to either the “important” and or “strongly important” cells. There are 68 persons or 44% or respondents answering “important” and 55 persons or 37% answering “strongly important”. 20 respondents or 13% answered “not important” and 7 respondents or 5% answered “strongly not important”. The average answer is 3.35 which mean that this factor is quite important.

**Factor 6: Beautifully pictured products in the website;**45% of total respondents answered “important” for this factor. While the remaining 37% “strongly important”, 13% “not important” and 7% “strongly not important”. The average answer is 3.14

**Factor 7: Good review on social network;** this factor’s result does not have an outstanding majority answer. There are 34% of respondents answer “strongly important”, 33% answer “important”, 28% answer “not important” and 5% answer strongly not important. The average answer is 2.97.

**Factor 8: Large number of facebook fanpage/Instagram;** the majority, 75 persons or 50% of respondents, answered “important”. There are 50 persons or 33% answered “not important”, 17 persons or 11% answered “strongly not important” and 8 persons or 5% answered “strongly important”. The mean of total score is 2.49

**Factor 9: Quick response for the customer’s question;** the majority of this factor belongs to the answer of “strongly important” and “important” with the percentage of 47% and 37% respectively. The mean of total score is 3.26

**Figure 4.7: Summary of Respondent buying diamond jewelry online (n=150)**

Will you purchasing diamond jewelry online?	N	%
Yes	11	7%
No	139	93%

In conclusion, the majority, 139 persons from 150 respondents or account for 93%, will not purchase the diamond jewelry via online channel.

**Figure 4.8: Summary of Respondents’ obstacles to buy online jewelry (n=139)**

(Respondents can choose more than 1 answer)

Obstacles	N	%
Unsure about the accurately of picture	<b>106</b>	<b>70.7%</b>
Unsure about the accurately quality of the product	<b>126</b>	<b>84.0%</b>
Unsure about the payment method	61	40.7%
Unsure about the product's transportation	89	59.3%
Want to talk to sellers before buying	75	50.0%
Want to see physical creditability before buying	<b>93</b>	<b>62.0%</b>

84% of respondents answered that the main obstacle preventing them from buying online jewelry is that they are unsure about the accuracy of the quality of the product shown on the website, followed by 70.7% of respondents unsure about the accuracy of picture of the product shown on the website. Moreover, 62% of respondents still want to see the store credibility before buying.

**Figure 4.9: Summary of Respondents by purpose of purchase (n=150)**

Purpose of usage	N	%
Wedding	47	31.3%
Investment	21	14.0%
Ornament	49	32.7%
Gift	33	22.0%

We can divide the respondents into 4 groups by their purpose of buying. First, the group that buys the diamond jewelry in order to use in the wedding ceremony equal 47 persons or account for 31.3% of all respondents. Second, the group that buys diamond jewelry for investment consists of 21 persons or 14% of all respondent. Third, the group that wants to buy diamond jewelry in order to use as an ornament 49 persons or 32.7%. And the last group is the group that purchases the diamond jewelry for a gift count 33 persons or 22% of all respondents.

**Figure 4.10: Summary of the factors that affect diamonds' purchasing behavior classified by four types of purpose of buying diamond jewelry**

Factors	MEAN				P-Value
	Wedding	Investment	Ornament	Gift	
1. The modern design of product	<u>3.53</u>	3.24	<u>3.80</u>	3.39	0.005
2. The quality of product	<u>3.70</u>	<u>3.62</u>	<u>3.82</u>	3.30	0.007
3. Price of product (Cheap)	2.43	<u>3.67</u>	3.04	3.03	0.000
4. Store location (Convenient)	1.74	1.81	1.86	<u>2.27</u>	0.043
5. Percent discount	2.34	2.29	2.67	<u>3.64</u>	0.000
6. Promotion with the credit card	2.15	2.48	2.22	<u>3.70</u>	0.000
7. Store creditability	<u>3.66</u>	3.33	<u>3.92</u>	3.48	0.002
8. Branding	2.89	2.81	<u>3.59</u>	2.94	0.000
9. Informative seller	<u>3.68</u>	<u>3.67</u>	<u>3.82</u>	3.42	0.021
10. Guarantee after purchase	3.70	3.71	3.80	3.48	0.109
11. Return/change product policy	3.43	3.71	3.57	3.27	0.095

This section shows the different factors that affect the behavior of diamond purchasers for each group of respondents, divided by the purpose of buying. Based on figure 4.10, in general, all of 4 types of respondents see “Guarantee after purchase” and “Return/ Change product policy” as quite important factors, but the difference between means, as classified by 4 types of purpose of buying, was not significant ( $p>0.05$ ). The other factors, for which the difference between means is significant ( $p<0.05$ ), are analyzed as follows;

**Factor 1: The modern design of product;** from comparing means, it shows that this factor is most influential to the ornament group with the mean total score equal to 3.80, followed by the wedding group with the mean total score of 3.53 and the gift group with the average score of 3.39. While the modern design of product is quite likely less influenced than the investment group, the average score of this group is only 3.24.

**Factor 2: The quality of product;** this factor is quite *less* influential factor to the gift group, while compared to other groups.

**Factor 3: The informative seller;** from comparing means, it shows that this factor is most influential to the investment group with the mean of total score equal to 3.82, while the average score of this factor for ornament and gift group are around 3.03-3.04 and the average score of this factor for the wedding group is only 2.43

**Factor 4: The convenient of store location;** The overall mean for this factor is around 1.7-2.2 for all of those 4 groups, which means that this factor is probably not important in the diamond jewelry buying process.

**Factor 5: The percent discount;** from comparing mean, it shows that this factor is most influential to the gift group with the mean of total score is equal to 3.64, while the average score of this factor to other group is around 2.29-2.67.

**Factor 6: The promotion with credit card;** from comparing means, it shows that this factor is most influential to the gift group with a mean score equal to 3.70, while the mean of this factor for other groups is only around 2.15-2.22.

**Factor 7: The store credibility;** from comparing means, it shows that this factor is most influential to the Ornament group with the average score equal to 3.92, followed by the wedding group with a mean of 3.66 and the mean of this factor of other group is 3.58 for the gift group and 3.33 for the investment group.

**Factor 8: Branding;** from comparing mean, it shows that this factor is most influential to the ornament group with the mean equal 3.59, while the mean of this factor of other group is only around 2.81-2.94.

**Factor 9: The price of the product;** from comparing mean, it shows that this factor is most influential to the ornament group with the mean equal 3.67, while the mean of this factor of wedding and investment group is 3.67 and 3.68 accordingly and the mean of this factor of wedding group is only 3.42

**Figure 4.11: Summary of the factors that affect respondents from online site behavior classified by four types of purpose of buying diamond jewelry**

Factors	MEAN				P-Value
	Wedding	Investment	Ornament	Gift	
1. Beautifully design of website	2.72	2.76	2.86	2.55	0.294
2. Easy to use of website	2.89	2.90	<u>3.39</u>	2.85	0.006
3. Varieties of products shown in the website	<u>3.19</u>	<u>3.19</u>	<u>3.41</u>	<u>3.06</u>	0.271
4. State the price of product clearly in the website	<u>3.15</u>	<u>3.29</u>	<u>3.43</u>	<u>3.15</u>	0.285
5. State the description of product clearly in the website	3.11	3.38	<u>3.57</u>	3.36	0.028
6. Beautifully product's picture in the website	2.91	3.24	<u>3.55</u>	2.79	0.000
7. Good review on social network	2.96	2.95	2.92	3.06	0.918
8. Large number of facebook fanpage/ Instagram	2.34	2.71	2.49	2.58	0.263
9. Quick response for the customer's question	3.06	3.29	<u>3.53</u>	3.12	0.031

This section shows the different factors that attract diamond purchaser from online site and divert them to offline physical diamond jewelry stores by each group of respondents, divided by the purpose of buying. Based on figure 4.11, in general all



4 types of respondents answered “Varieties of products shown in the website after purchase” and “State the price of product clearly in the website” are quite important factors. But the difference between means, as classified by 4 types of purpose of buying, was not significant ( $p>0.05$ ).

The other factors, which the difference between means is significant ( $p<0.05$ ), are analyzed as follows;

**Factor 2: The easy to use of the website;** from comparing means, it shows that this factor is most influential to the ornament group with the mean equal to 3.39, while other group have average scores between 2.85 – 2.90

**Factor 6: State the description of product clearly in the website;** all of the 4 groups see this factor as quite important, as average scores of this factor range between 3.11 to 3.57. The group that rates this factor in highest average score is the ornament group, with the mean of total score equal 3.57.

**Factor 7: Beautifully pictured products in the website;** the ornament group perceived that this factor is quite important compared to the other groups. The average score of the ornament group is 3.55 while the average score of the investment group is 3.24, the average score of the wedding group is 2.91 and the average score of the gift group 2.79.

**Factor 9: Quick response for the customer’s question;** all of those 4 groups perceived that this factor is quite important factor. The group that rates this factor in highest average score is the ornament group, with the mean of total score 3.53. The average score of the other groups are around 3.06 – 3.29.

## **CHAPTER 5**

### **CONCLUSIONS AND RECOMMENDATIONS**

As social media and online marketing have become increasingly more important factors of business in today's business context. It seems from this study that there are no exceptions as even a supposed high involvement product purchase like diamond jewelry is greatly influenced by online efforts. As a result, there is a change in the consumer buying process, most notably, an extended information search and evaluation via online source, including the final evaluation at a physical store before an actual purchase. Therefore, in order to ensure the survival of the Diamond jewelry retailer business, it is vital to understand and adapt the business model according to this emerging trend. Online to offline appears to be an alternate solution for this phenomenon. Online to offline (O2O) is a business model designed to integrate the online channel and the front line transaction together, where online will focus on acquisition of customer interest and education, while offline will serve to sharpen and execute the selling-buying activities. Even though, the concern of online channel is important, the understanding of fundamental process of how each stimuli and consumer characteristics affect their response behavior on buying diamond jewelry are also vital in developing the right marketing strategy to the right target.

In general, this research shows that 93% of the diamond jewelry buyers refuse to buy the diamond jewelry via online channel and they have a strong attitude toward the obstacle factor about "the trust" in online diamond jewelry store. Over 70% of the diamond jewelry buyers were unsure about the accuracy of the quality and the picture of the product shown in the website. However, the finding shows that more than 55% of the diamond jewelry buyers search information from online sites. Thus, Online-to-Offline model seems to be the perfect answer for Thai Diamond Jewelry Retailers.

Overall, the finding show that the guarantee of the product after purchase, informative seller and the store creditability are the most important factors that influence the diamond jewelry buyer. Moreover, the diamond jewelry's website with a clear price statement and the description is the factor most preferred by the consumer.

The study also shows that the purchasing behavior of diamond jewelry buyers varies mainly because of a difference in purchasing purpose. In a broad classification, customers can be categorized into 4 main groups according to their purposes; wedding, investment, ornament, and gift.

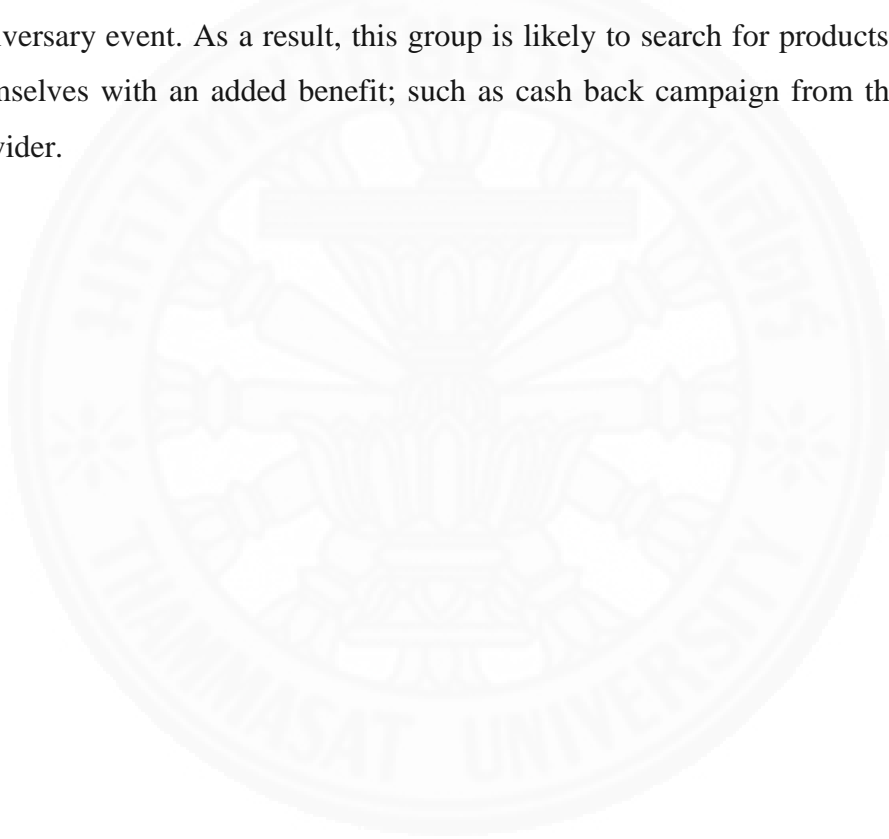
For those purchasing for a wedding, most customers are the first time buyers aged between 25-35 years old. They have little or no knowledge about diamonds and their properties, such as, size cut clarity or other qualities of the diamond. Therefore, they will actively search for information about diamonds either from their friends/family or through the internet before making any final decision. Given the lack of knowledge this group possesses, it is unlikely that this group of customers will buy diamond jewelry through online channels as the perceived risk and inability to completely evaluate in an on line environment is improbable. In addition to a unique and contemporary design of their products, sellers who are willing to devote substantial effort towards educating these customers, is considered to be a preferred store for this group. To sum up, the retailer that this group of customers is looking for is a credible store with sellers that can provide the valuable information about the product. Moreover, this kind of group also values a unique/modern design and when informed select high quality products.

The shopper that is purchasing to use as an investment has a wide age variance. The main purpose of buying the diamond is to re-sell the diamond in the future expecting to generate capital gains over time. "LOOSE DIAMONDS" are considered to be their primary investment vehicle for this group because they provide a higher liquidity compared to other forms of "FINE DIAMOND JEWELRY". So, this group would pay less attention about the product comparing to other group. The principal character for this type of customers is their knowledgeable. They have some background on the basic quality of diamonds. However, this group tends to be more sensitive to the price of the product than other groups. In summary this is a more price sensitive segment that has high product knowledge and purchases product much the way any other speculative commodity is purchased.

Third, to use as the ornament, these customers are likely to be jewelry diamond collectors, aged around 35-60 years old. This type of customers does their

own research from the internet with a special emphasize on searching for stores with desired products. The main purpose of using fine jewelry diamonds among this group is to show their social status. As such, branded products are more preferred for this group. In addition to the branding of the products, customers, who fall under this category, have expressed a repeated purchase pattern, in which the stores' credibility is an important factor in their purchase consideration.

The last group is to use the diamond jewelry as a gift. This group sees the diamond jewelry as a gift for special events, such as, a birthday, graduation or anniversary event. As a result, this group is likely to search for products that provide themselves with an added benefit; such as cash back campaign from the credit card provider.



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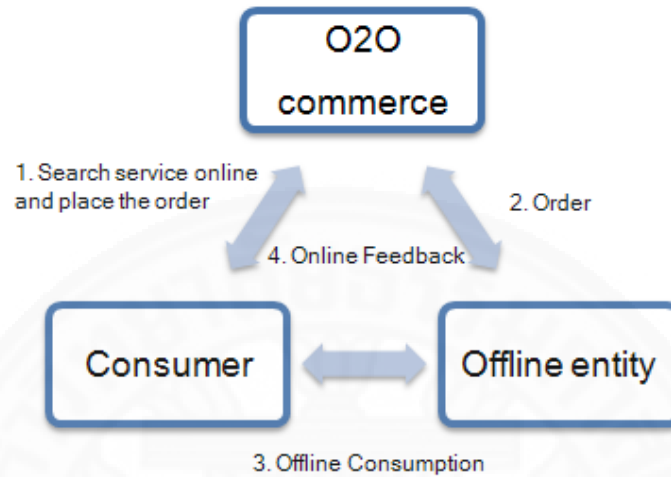
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**APPENDICES**

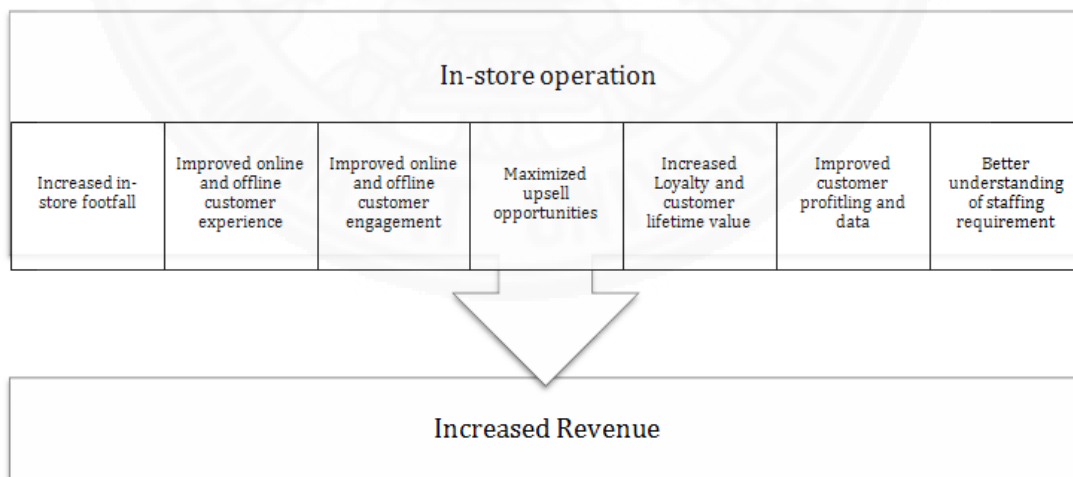
## APPENDIX A

**Figure 2.1:** The Online-to-Offline commerce



**Figure 2.2:** The benefits of an online-to-offline retail strategy

The main objective of online-to-offline retail strategy is to increase revenues from in-store operation by figure as below;



## APPENDIX B

### QUESTIONNAIRE

This research is part of the course MK703: Independent Study 2 at Thammasat University. The purpose of this research is to identify decision-making process of the customer toward the purchase of diamond jewelry. Finding of this research will provide a significant implication to improve marketing strategy in order to fit actual customer's needs and insights. All responses will be held strictly confidential and no information, which could reveal your identity, will be used in any data report nor will it be shared in individual form with any outside party. The researcher thanks you very much for your great cooperation.

#### **Purchasing behavior of diamond jewelry in online to offline commerce (O2O)**

##### **Part 1: Screening Question**

1. Are you THAI? \_Yes \_No
2. Are you age between 18 to 60 years old? \_Yes \_No
3. Have you purchased diamond in the past 1 year? \_Yes \_No

If respondents answer is "NO" in either one of the above questions, end of the survey.

##### **Part 2: Purchasing behavior**

###### **Part 2.1: Behavior profile**

4. How often do you buy diamond jewelry per year? (Single answer)

Less than a year	01
Once a year	02
2-5 times a year	03
6-9 times a year	04
More than 9 times a year	05



5. What is your purchasing budget per one time purchasing? (Single answer)

Less than 20,000 Baht	01
20,001 – 50,000 Baht	02
50,001 – 100,000 Baht	03
More than 100,000 Baht	04

6. Where did you buy diamond jewelry? (*Can choose more than 1 answer*)

- 6.1 Diamond jewelry's "counter" in the department store
- 6.2 Diamond jewelry's "shop" in the department store
- 6.3 Stand-alone diamond jewelry shop outside the department store
- 6.4 Tradeshow
- 6.5 Online channel
- 6.6 Other (please specify)\_\_\_\_\_

### **Part2.2: Purchasing behavior channel according to consumer behavior model**

7. What's your main reason for purchasing diamond jewelry?

To use in the wedding ceremony	01
To use as an investment	02
To use as an ornament	03
To use as a gift	04
Other (Please specify)_____	05

8. What media channel that you normally used? (*Can choose more than 1 answer*)

- 8.1 Newspaper
- 8.2 Magazine
- 8.3 Television
- 8.4 Radio
- 8.5 Facebook
- 8.6 Instagram
- 8.7 Web board (ie., Pantip)
- 8.8 Other (please specify)\_\_\_\_\_

9. Where did you received or search information about diamond jewelry (*Can choose more than 1 answer*)

- 9.1 Magazine
- 9.2 Advertisement at the point of purchase (poster or billboard)
- 9.3 Family
- 9.4 Friend
- 9.5 The diamond jewelry's shop owner
- 9.6 Google
- 9.7 Facebook
- 9.8 Instagram
- 9.9 Jewelry shop's website
- 9.10 Webboard (ie., Pantip)
- 9.11 Wedding's website
- 9.12 Blogger
- 9.13 None
- 9.14 Other (please specify)\_\_\_\_\_

10. Please circle a number for each factor that best reflect your criteria of purchasing diamond jewelry

	Factor	Strongly not important	Not important	Important	Strongly important
10.1	The modern design of the product	1	2	3	4
10.2	The variety of the product	1	2	3	4
10.3	The quality of the product	1	2	3	4
10.4	Price of the product (Cheap)	1	2	3	4
10.5	Payment method (Can paid by credit-card)	1	2	3	4
10.6	Store Location (Located in the department store)	1	2	3	4
10.7	Percent discount	1	2	3	4
10.8	Promotion with the credit-card	1	2	3	4
10.9	Gift after purchased	1	2	3	4
10.1	Store creditability	1	2	3	4
10.1	Branding	1	2	3	4
10.1	Consulting about the product given by seller	1	2	3	4
10.1	Guarantee for the product after purchase	1	2	3	4
10.1	Store have a return/change product policy	1	2	3	4
10.2	Have own website	1	2	3	4
10.2	Have social media channel (ie., facebook, Instagram)	1	2	3	4

**Part3: Online using behavior**

11. How many hours do you normally spend on website/application per day?

	Website / application	Not at all	Sometimes	Frequently	Always
11.1	Google	1	2	3	4
11.2	LINE	1	2	3	4
11.3	Facebook	1	2	3	4
11.4	Instagram	1	2	3	4
11.5	Pinterest	1	2	3	4
11.6	Website: Weloveshopping	1	2	3	4
11.7	Website: Siambrandname	1	2	3	4
11.8	Website: Pantip	1	2	3	4
11.9	Website: Jeban	1	2	3	4
11.10	Website: wedding	1	2	3	4

**Part4: Online to offline business in diamond jewelry business**

12. What are the key factors that will attract you from online site and divert you to the physical store?

	Factor	Strongly not important	Not important	Important	Strongly important
12.1	Beautifully design of website	1	2	3	4
12.2	Easy to use of website	1	2	3	4
12.3	Varieties of products shown in the website	1	2	3	4
12.4	State the price of product clearly in the website	1	2	3	4
12.5	State the description of product clearly in the website	1	2	3	4

12.6	Beautifully product's picture in the website	1	2	3	4
12.7	Good review on social network	1	2	3	4
12.8	Large number of facebook fan page/ Instagram,	1	2	3	4
12.9	Quick response for the customer's question	1	2	3	4
12.1	Customers can purchase the product via online channel	1	2	3	4

13. Will you purchase diamond jewelry online?                    Yes   No

If respondents answer is "YES" of the above question, please skip next question (Q14).

14. Why not you buy the diamond jewelry online? (Can choose more than 1 answer)

- 14.1 Unsure about the accurately of picture shown on the website
- 14.2 Unsure the quality of the product
- 14.3 Unsure about the payment method
- 14.4 Unsure about the product's transportation
- 14.5 want to talk with seller before buying
- 14.6 want to see physical store creditability before buying
- 14.7 Other (please specify)\_\_\_\_\_

**Part5: Demographic**

15. How old are you?

18-25 years old	01
26-39 years old	02
40-60 years old	03

16. What's your current occupation?

Student	01
Government employee	02
Office worker	03
Business owner	04
Housewife/husband	05
Other (Please specify) _____	06

17. What's your average income per month?

Lower than 15,000 baht	01
15,000 – 25,000 baht	02
25,001 – 50,000 baht	03
50,001 -100,000 baht	04
100,001 -150,000 baht	05
More than 150,000 baht	06

18. Gender

Female

Male



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Name	MISS Varaporn Santiwatanakul
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