

**FACTORS INFLUENCING MARKETING ACTIVITIES OF CONSUMER GOODS
RETAILERS IN THE CONTEXT OF THE 4.0 INDUSTRIAL REVOLUTION:
EVIDENCE FROM VIETNAM**

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ABSTRACT

In the era of e-commerce and atomization, the expectations of customers have increased multi-fold. The customers want virtual displays of the products, automatic billings, electronic customer relationship management and much more. They want to be informed about the offers and benefits available at the store timely. However, at the same time they are not compromising with the quality and price. The basic consumer behaviour in the time of technology driven businesses is still same. The present paper is about checking out and impact of all these customer expectations on purchase intention in the form of marketing strategies by the consumer goods retailers in Vietnam. The present study is exploratory cum descriptive in nature. The dependent variable in the study is purchase intention and the independent variables are 'ease and convenience', 'price and discounts', 'product quality' and 'use of Technology'. Retailers have been characterized by the respondents in the light of four independent variables stated above and then a relationship of these variables has been established with customers' intent to purchase. The sample size of this study is 408 respondents who used to purchase from the retailers in Vietnam. Structured questionnaire was distributed to all the respondents for collecting their responses. Total 550 questionnaires for distributed out of which 408 questionnaires for found fit for analysis. Statistical tools such as 'confirmatory factor analysis' and 'structural equation modeling' have been used to analyze the data. It was found from the results that all the four independent variables have significant impact on the Purchase intention of consumers. This reflects that the consumer goods retailers in Vietnam have to maintain with the Expectations of consumers for better sales performance.

Keywords: marketing, consumer goods, retailers, the 4.0 industrial revolution

1. INTRODUCTION

First industrial revolution was characterized by mechanization, water power, and steam power. The second was characterized by mass production, assembly line and electricity. Third was characterized by computer and automation and the last was characterized by cyber physical systems. Consumer expectations in the industrial 4.0 are not limited to quality, price, and services but they want atomization, use of Technology, Omni-channel retailing and maximum use of online and internet resources for a comprehensive shopping experience.

Consumer services in any form have an impact on consumers' attitude and intention to purchase goods and services from a particular retailer. Rapid increase in the technology driven customer services, and adaptability of consumers to it, has increased the competition to a very high level. It is a 'do or die' situation for the consumer goods retailers in Vietnam. In brief, whatever the consumers expect, a retailer has to do the same to survive and grow.

Marketing activities are the parts of the marketing strategies. Marketing strategies have always been one of the most important areas of study since the inception of marketing. Marketing strategies are the efforts or planning which a marketer designs to sell more products and services to the consumers. It has also been defined as the logic to attain marketing objectives (Kotler, 2009).

Popular marketing strategies of 21st century consumer goods retailers are mainly loyalty programmes, adopting customized technology, providing better shopping environment inside the store, understanding the customers and maintaining the store image (Suguna and Mathipoorani, 2016). In the era of competition the firm's response to it were highly rated as factors impacting on the firms marketing plan (Obaga, et al 2013).

2. LITERATURE REVIEW

In the review of extant literature it was found that the sales promotion tools have been given importance by the consumers before making a decision to purchase. These tools include price discount, samples and buy one get one free etc. (Mohamed 2016). Retailers image is also an important aspect in case of consumer goods retailers that attracts the customers.

Customers want some extra then they pay to the retailers. Here customers' loyalty is based on extra effort made by the retailer to satisfy those (Ailawadi & Keller, 2004). There is an impact of direct mail on the consumers as well as the system integrators can also improve

relations with customers and explore cross-selling opportunities at earlier stages of information system implementations (Safronov 2017).

In the case of FMCG (fast moving consumer goods) retailers it was explored that vouchers/ coupons, layouts, in store television display, floor advertisement etc. influence and motivate a customer more to buy a particular product (Joshi, 2009).

The customers in case of consumer goods retailers are found price-conscious. If the retailers wish to increase the price, they will have to justify the same (Sergio 2005). Aktan (2003) in his study highlighted the importance of the images and logos to attract consumers and also to make the brand image.

Consistent integrated communications and message along the brand identity dimensions targeted towards customers is critical to the success of brand-building efforts by delivering a consistent, self-reinforcing brand image which finally becomes an effective tool of marketing strategy (Ghodeswar, 2008).

Selection of the retail store depends upon rich offering, good staff behaviour, good customer service, and low prices. Retail chains should have advantages in offering products with affordable prices for customers due to the existence of competition (Qehaja, 2005). Customers buy FMCG production based on their quality. Customers are satisfied with quality of the branded products and so the purchase of products will increase if they are of good quality (Jeevananda, 2011).

Since consumer goods retailers carry a good range of FMCG, they must keep good quality product. Consumption behavior is governed by social mechanisms. These investigations argue for attention to the dynamic nature of final consumption. Consumption practices always keep on changing hence, introduction of new goods and services is always required Mark (2001).

Consumes need convenience of the package. This leads to the conclusion that in case of packaging type preferences there is a gap between attitudes and actual behavior (Draskovic, 2008) Consumers have started placing more value to the online retailers (Brynjolfsson, 2003). Hence it is important for the retailers to adopt technological advancements. Consumer purchase behavior is an important factor that affects the strategies adopted by the retailers. Shopping habits of Indian customers are changing due to their growing disposable income, relative increase in the younger population, and the change in attitudes towards shopping (Sangvikar, 2012).

It was also found in the study that the prompt price discount, special offers, variety of products, retail services, convenience to customer, and store ambience play an important role in shaping purchase behavior of consumers in retail. For a successful consumer oriented market service provider should work as psychologist to procure consumers. Satisfaction of consumer is the key of success (Ramya 2016).

Sensory characteristics such as value and price, have also been given lot of importance in the shopping. The critical factors that customers consider while making a shopping decision are quality of foods, their diversity, the environment inside and outside the local, and similarly to the overall food market – price (Nowicki, 2012). Segetlija (2011) emphasized on the development of distribution channels is conducive to production development; however, management is being transferred to large international business systems.

3. THEORETICAL MODEL AND RESEARCH GAP:

The extant literature talks about the satisfaction and purchase intention of the consumer. Mainly ease and convenience, price, quality, offers and adoption of technology have come out to be the most important aspects that affect the buying behavior of consumers. However, no specific studies were found that emphasizes on all four aspects and proposes a model or scale. Similarly, no single study was found which shows the impact of ease and convenience, price and discounts, product quality and use of Technology on Purchase Intention. In the light of the above the following is the theoretical framework of the study:

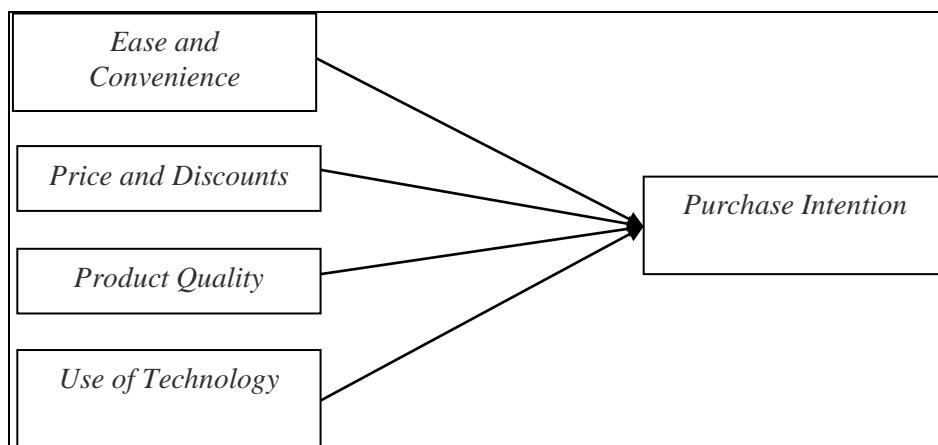


Figure 1: Theoretical Framework of the Study

3.1. Objectives and Methodology

The primary objective of the study is to find out defectors that affect the marketing strategy of consumer goods retailers in Vietnam in the era of industry 4.0. The marketing strategies of retailers have been clubbed in to 4 constructs. Letter a relationship of these four constructs has been established with purchase intention. In a nutshell the following are the objectives of this study:

- To find the impact of Ease and Convenience on Purchase Intention
- To find the impact of Price and Discounts on Purchase Intention
- To find the impact of Product Quality on Purchase Intention
- To find the impact of Use of Technology on Purchase Intention

3.2. Hypotheses of the Study

- Ease and Convenience affects the Purchase Intention of consumers
- Price and Discounts affects the Purchase Intention of consumers
- Product Quality affects the Purchase Intention of consumers
- Use of Technology affects the Purchase Intention of consumers

4. METHODOLOGY

The present study is exploratory cum descriptive in nature. The dependent variable in the study is purchase intention and the independent variables are 'ease and convenience', 'price and discounts', 'product quality' and 'use of Technology'. Retailers have been characterized by the respondents in the light of four independent variables stated above and then a relationship of these variables has been established with customers' intent to purchase.

The sample size of this study is 408 respondents who used to purchase from the retailers in Vietnam. Structured questionnaire was distributed to all the respondents for collecting their responses. Total 550 questionnaires for distributed out of which 408 questionnaires for found fit for analysis. Statistical tools such as 'confirmatory factor analysis' and 'structural equation modeling' have been used to analyze the data.

It was found from the results that all the four independent variables have significant impact on the Purchase intention of consumers. This reflects that the consumer goods retailers in Vietnam have to maintain with the Expectations of consumers for better sales performance.

4.1. Validity and Reliability

Validity and reliability of the scale are two most important prerequisites of any research that claims for skill development and further use of that scale. In the present study utmost care has been taken to establish the various types of validity and reliability. The discussion on reliability and validity is as below:

Content validity: The content validity of a construct can be defined as the degree to which the measure spans the domain of the construct's theoretical definition (Rungtusanatham, 1998). In other words it may be said that the content validity ensures that the statements are accurate for the purpose of measurement. The content validity in this study has been established with the help of experts' advice on the questionnaire.

Construct validity: Construct validity involves the assessment of the degree to which an operationalization correctly measures its targeted variables (O'Leary-Kelly, 1998). Basically construct validity means the statements of a construct are properly correlated so that to make a construct.

Discriminant Validity: Discriminant validity means to constructs have no correlation with each other. Discriminant validity is ensured if a measure does not correlate very highly with other measures from which it is supposed to differ (O'Leary-Kelly, 1998). To explain further it may be stated that construct validity shows the strength of correlation among all its statements and discriminant validity means non existence of correlation among the constructs. This shows that the constructor exclusive. Discriminant validity is established on the basis of AVE, average shared variance (ASV) and maximum shared variance (MSV). Criteria for ensuring discriminant validity are $MSV < AVE$ and $ASV < AVE$ (Hair et al., 2010).

Convergent validity: Convergent validity refers to the degree to which multiple methods of measuring a variable provide the same results (O'Leary-Kelly, 1998). Convergent validity can be established with the help of construct reliability (CR) based on Cronbach alpha and average variance extracted (AVE). Following criteria must be satisfied for ensuring

convergent validity: $CR > 0.7$, $CR > AVE$ and $AVE > 0.5$ (Hair et al., 2010).

4.2. Data Analysis and Findings:

This section first discusses about the socio demographic profile of the respondents. The profile of respondents in this study is quite mixed and truly represents the consumer goods buyers in Vietnam. The socio demographic details of respondents have been shown in the table 1.

Table 1: Socio Demographic Characteristics of the Respondents

Socio-demographic characteristics	Categories	No. of Respondents	Respondents %
Gender	Male	237	58.09
	Female	171	41.91
	Total	408	100.00
Age (in years)	25-35	112	27.45
	35-45	153	37.50
	45-55	75	18.38
	>55	68	16.67
	Total	408	100.00
Monthly income	No income	53	12.99
	<10000000 VND	134	32.84
	10000000 VND to 20,000,000 VND	95	23.28
	20000000 VND to 30,000,000 VND	73	17.89
	>30,000,000 VND	53	12.99
Total	408	100.00	
Marital status	Married	256	62.75
	Unmarried	152	37.25
	Total	408	100.00
Education	Intermediate school	86	21.08
	Graduate	169	41.42
	Post graduate and above	153	37.50
	Total	408	100.00

The socio demographic characteristics of the respondents have been shown in the table 1. The respondents carry a mixed profile, which is true representative of consumers' profile in Vietnam. There are around 58% males and 42% females in the current set of respondents. Maximum respondents i.e. 37.5% belong to the age group of 35-45 followed by the age group of 25-35 (27%). The last two age groups viz. 45-55 and >55 group have around 35% of the respondents.

There are 33% respondents who earn <10000000 VND, around 24% have an income of 10000000 VND to 20,000,000 VND. 63% of the respondents are married and 37% are single. Around 41% are graduates and 37% are post graduate or above.

4.3. Reliability of Measurement of Scale

The overall reliability of the scale is measured by the value of Cronbach alpha. The value overall cronbach's alpha has been shown in table 2. The value of reliability .857, which is more than the minimum desired value of Cronbach alpha viz. 0.7 (Hair et al., 2010) is the reliability is also shown as CR (refer table III for more details).

Table 2: Overall Reliability of Scale

Cronbach alpha	No. of Items
.857	21

Source: Primary Data

The measurement scale of marketing strategies and purchase intention has been shown in the figure 1. All the constructs have adequate reliability value (CR>0.7). The CR (Cronbach's alpha) of Ease and Convenience is .845, Price and Discounts is .826, Product Quality is .912, Use of Technology is .941 and Purchase Intention is .936 (table III).

4.4. Development of Constructs:

The reliability and validity of the scale and constructs has already been determined. Now, this section explains the various constructs of the scale with their relevant items. A good construct should satisfy the criteria of convergent validity. Convergent validity in easy words is the reliability or CR or Cronbach alpha value of the scale. All the constructs in this study have attained this value (CR>.7). Statements composing the scale have been explained below:

Ease and Convenience: Ease and Convenience is one very important concern in modern retailing. This construct has a reliability value of 0.845. The items constituting this construct are

Provides convenience in shopping, easier for consumers to find products, Ensures queuing functions while billing, proximate to the place I live.

Product Quality: Quality of product is probably the single most important factor that establishes brand equity and repeat purchase. Hence it has a great role in marketing strategies of retailers. This construct has a reliability of .912 and constituted by Offers good quality products, Keeps good brands in the store and Provide products that have consistency in quality.

Price and Discounts: Good and competitive prices and regular offers and discounts attract everyone. This construct has a reliability value of .826. This is

constituted by the items namely Offers better pricing of products than competitors, Gives offers / discounts on products, Gives loyalty points and cash back, Gives special benefits to loyal customers and Offers better quality at competitive prices.

Use of Technology: This construct has got the maximum importance during the Industrial 4.0 era when consumers have started demanding automization of retail operations. The reliability of this construct is .941. This construct has been constituted by Use POS systems for fast and accurate billing, Accept all types of electronic payment systems, Use electronic displays and signage, Use automated and integrated CRM and Informs about offers and discounts through email or SMS.

Purchase Intention: Purchase intention has been taken as the dependent variable for this study. This construct reflects the final outcome of the marketing strategies adopted by the consumer goods retailers in Vietnam. The reliability of this construct is .936. This construct has been constituted by I would like to purchase consumer goods from the retailer in Vietnam, It makes sense to purchase goods from retailer in Vietnam, I recommend retailers to my friends & relatives and I have a high loyalty for the retailer in Vietnam.

4.5. Confirmatory Factor Analysis and Scale Development:

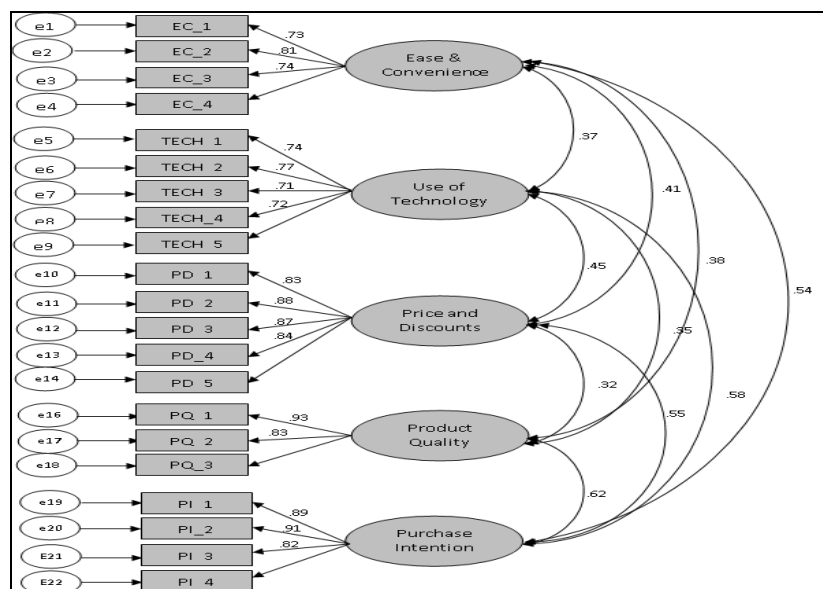


Figure 2: Measurement Scale for Marketing Strategies and Purchase Intention

Table 3: Reliability and Validity Statistics

	CR	AVE	MSV	ASV	Convergent Validity	Discriminant Validity
Ease and Convenience	.845	0.58	.184	.156	Yes	Yes
Price and Discounts	.826	0.54	.173	.143	Yes	Yes
Product Quality	.912	0.73	.192	.189	Yes	Yes
Use of Technology	.941	0.78	.178	.203	Yes	Yes
Purchase Intention	.936	0.76	.191	.231	Yes	Yes

Convergent and Discriminant validity has also been achieved for all the constructs. The criteria of convergent validity has also been fulfilled viz. $CR > 0.7$, $CR > AVE$ and $AVE > 0.5$ in all the cases (table 3). Similarly the criteria of discriminant validity viz. $MSV < AVE$ and $ASV < AVE$ has also been fulfilled for all the constructs.

4.6. Structural Equation Modeling:

Structure equation modeling in this study shows the impact of various marketing strategies of consumer goods retailers on the purchase intention of the consumers in Vietnam. The Figure 3 below shows results of the theoretical model as proposed in the figure 1.

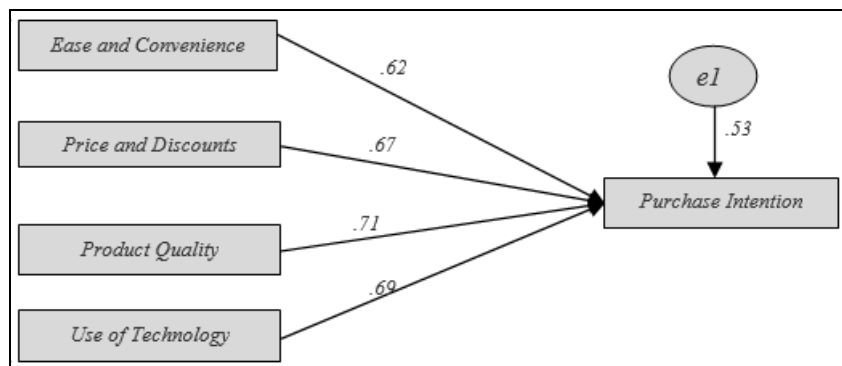


Figure 3: Results of Structural Equation Modeling

Table 4: Summary of support for hypotheses (based on the results of SEM in structural model).

Proposed Path (Hypotheses)	Estimates	t-statistics	R ²	P-Value	Supported
Ease and Convenience ----> PI	.623	14.193	.514	0.000	Yes
Price and Discounts ---->PI	.672	15.957	.535	0.000	Yes
Product Quality ---->PI	.714	24.155	.683	0.000	Yes
Use of Technology ---->PI	.693	21.482	.644	0.000	Yes

PI – Purchase Intention

Figure 3 shows the results of structural equation modeling. It may be observed from the results that all the values above .5 and P values are below .05. Hence all the hypotheses laid down in the study have been supported (Table 4). It may be observed from the table 4 that ease and convenience, price and discounts, product quality and use of technology leads to the purchase intention.

5. CONCLUSION:

The present paper focuses on marketing activities of consumer goods retailers in the industry 4.0. Industry 4.0 is characterized with use of technology in retail. This technology may provide convenience, offers and automation to the customers. Modern retailers also use Internet of Things, Social CRM and all those activities which can satisfy and delight customers. The activities found in the study have been clubbed under the four constructs namely ease and convenience, price and discount, product quality and use of technology. These four constructs includes all the contemporary marketing activities. It was found that all the four constructs have significant impact on purchase intention.

The study clearly reflects that in the era of industry 4.0, it is mandatory for the consumer goods retailers that if they want to sell and survive. The study indicates that customers give importance to the proximity, billing and other aspects of convenience. Similarly, price and discounts such as offers, coupons etc. have also a positive impact on purchase intention. Product quality is a classically accepted factor that has positive impact on purchase intention. Even in the era of technology and convenience, the product quality still has importance in attracting customers to the store.

That is why maintaining good product quality in the store consistently works as a marketing strategy for the retailers. Use of technology such as social CRM, offers and discounts on phone and email, effective POS system and integrated CRM practices have positive impact on purchase intention. These marketing activities are rapidly increasing in the modern era. To sum up the present study it may be concluded that, in the ear of industry 4.0, the marketing activities of retailers include modern and classical both types of activities wherein product quality and price is also equally important along with ease, convenience and use of technology.

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