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# The effect of marketing mix 4cs on the domestic tourist's purchase decision - case study in Vietnam: Part 1\_a literature review

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**Abstract**---Currently, in Vietnam, the traditional 4Ps marketing mix model has gradually become no longer suitable, so businesses in general and Tourism businesses in particular have applied Marketing mix 4Cs in their production and business activities. Businesses attach the letters Cs with the letters Ps in pairs to always consider customers as the focus when planning Marketing strategies (Product - Customer Solution, Price - Customer Cost, Place - Convenience, Promotion - Communication). The study aims to systematize the theoretical basis and identify the effect of Marketing mix 4Cs on the Domestic tourist's purchase decision in Vietnam. Through the research, find a Literature Review on the above topic to serve as a basis for further research to identify the Marketing mix 4Cs factors affecting on the Domestic tourist's purchase decision in Vietnam and build a model research. Further studies apply this research model to measure the impact of each marketing mix 4Cs factor on the Domestic tourist's purchase decision as well as propose some managerial implications to help businesses meet the needs of domestic tourists.

**Keywords**---Marketing mix 4Cs, Purchase decision, Domestic tourists, Vietnam, Literature review

## 1. Introduction

In the customer approaches, even though businesses do not want to, they still have to admit that traditional marketing methods have become outdated and not very effective. Meanwhile, customers are becoming increasingly demanding, price-sensitive and have a lot of choices from rival businesses. Therefore, customers will not hesitate to turn away from a company to be ready to switch to products and services of competitors. Thus, tourism businesses must always make efforts and commit to bringing customers the right travel experiences as their mission.

The research objective is to systematize the theoretical basis, identify the marketing mix 4Cs factors and build a research model that affects the Domestic tourist's purchase decision in Vietnam. The new features in the model are:

- Building Marketing factors according to the customer's 4Cs: The study focuses on the dependent variable is the Domestic tourist's purchase decision in Vietnam. Next, the authors have built an intermediary variable, which is Domestic tourist's perception. This variable is formed based on emphasizing the factors of Marketing mix 4Cs, thereby creating a completeness for the research model.
- The higher the Domestic tourist's perception, the higher the Domestic tourist's purchase decision is.

## **2. Literature Review**

### **2.1. Marketing Mix 4cs**

Marketing mix first introduced by Mc Carthy (1960) includes four elements "Product", "Price", "Promotion" and "Place" also known as 4Ps or Traditional Marketing. Marketing mix added by Booms and Bitner (1981) with "Process", "Facilities" and "People" is called the Marketing mix or the 7Ps Marketing mix. Marketing mix 4Ps is outdated and no longer suitable for current trends. Marketing mix 4Ps focuses only on the product suppliers' point of view and possibly on what they offer and suggest, the supplier has a different point of view from the buyer. The marketing mix is basically the various ways that a company creates a product or service to market. When comparing the 4Cs model of the new Marketing strategy is compared with the traditional strategy of the 4Ps model, it show that the Marketing mix 4Cs is an innovative model in Marketing theory with a focus on customers. Initially, the marketing mix consisted of four components: Product, Price, Place, and Promotion (4Ps). Marketing mix 4Cs is an innovative model in Marketing theory with a focus on customers. Therefore, after researching in this direction, Kumar et al (2012), introduced the concept of 4Cs and transformed the traditional 4Ps into 4Cs: Customer solution, Customer cost, Convenience and Communication.

### **2.2. Perceived Value**

Consumer considerations for sustainable brands depend directly on how the business contributes towards improving their quality of life. Brown (2011) showed that after the recession, preferences in consumption have been changing. The report shows a high correlation between a company's sustained performance and the fulfillment of consumer expectations. The company's sustainability effort was seen as a success when consumers perceived the value in the purchase decision process. Company is a lighthouse for innovation and creating value that can lead society towards sustainable consumption. The sustainable vision in business strategy is that companies must combine four elements: innovation, collaboration, communication, and commitment. These strategies will make consumers believe in the benefits of sustainable consumption (Obermiller, Burke, & Atwood, 2008; Beguerisse, 2013\_Quoted by Le (2021). Marketing not only has great potential to promote sustainability but can also promote sustainable

lifestyles that contribute to business profits. The consumer's purchase decision depends on the perceived value from the product or service.

### 2.3. Purchase Decision

According to Blackwell, Miniard, and Engel (2001), the purchase decision process is carried out through the following five stages: When consumers intend to buy certain products, they will go through many stages that will influence their purchase decision process and after-purchase behavior. The first stage represents problem acknowledgment in which the consumer intends to satisfy their needs and wants. The role of marketers at this stage is to use advertising strategies to arouse consumer needs or perceptions. Finally, consumers evaluate the alternatives and choose from the brands that best suit them and meet their needs (Quoted by Le, 2021).

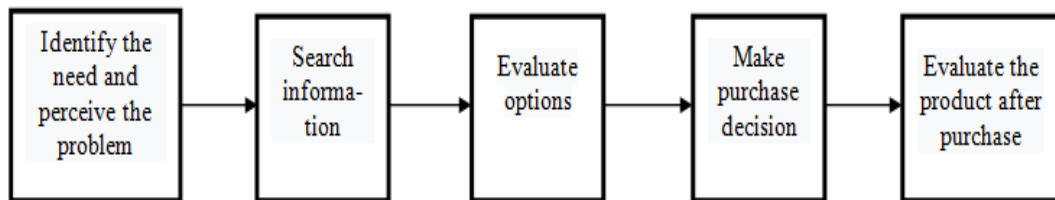


Figure 1: Purchase decision process

Consumers often seek information related to a particular consumer who has had past purchasing experience before looking information outside. In other words, the past purchasing experience is seen as an internal source of information (friends, relatives, neighbors, annual reports, publications, social media) on which consumers rely on before making a decision. In addition, some consumer decisions are most likely formed by aggregating past purchasing experiences as well as non-commercial marketing and information resources programs (Schiffman and Kanuk, 2007). In the latter study of Hogg and Penz (2008), such emotional states like enjoyment, pleasure and arousal lead to the willingness to purchase. A customer will determine to purchase a product or service if he/she believes that the emerging outcome is beneficial (Wu, Lee, Fu, & Wang, 2014). In other words, if consumers have a good shopping experience during service encounters, they are more likely to come back for future purchase compared to those who have a negative shopping experience (Quoted by Le, Nguyen & Pham, 2019).

The decision to travel or not is made before tourists make secondary decisions (Filiatrault and Ritchie, 1980; Van Raaij 1984; Um and Crompton, 1990; Mansfeld, 1996). However, not all cases follow such decision-making order. In some cases, tourists often choose according to their own criteria, then make an intention, and then decide to have a go or not (Decrop and Snelders, 2005). In addition, the decision variable is also considered based on the decision about travel plans; deciding to buy tourism products... Rogers (1983) also said that, when tourists decide to choose tourism products, they must have intention. Besides, when deciding to choose tourism products, tourists also consider external factors, mainly reference groups and marketing factors: products, prices,

distribution, and promotion. When intentions are formed, plus the encouragement of external conditions, they will certainly come to a decision to choose, and buy.

#### **2.4. Marketing in Tourism**

According to Kotler et al. (1996), tourism Marketing is a management process by which individuals or groups fulfill their needs and desires by creating and exchanging products and values with each other. Heidari (2010) defined tourism Marketing as an interactive process between suppliers and tourists in which tourism goods and services are exchanged within an industry-specific environment. Due to the specific nature of the tourism, it is also difficult to give a comprehensive definition of its marketing concept. The final product of the tourism is not a physical product, but a product that is consumed at the time of production, leads to the creation of added value for consumers (Zeithaml and Bitner, 2003). Tourism is a highly seasonal industry, so marketers will find ways to coordinate the market to determine supply and demand at different times of the year, so strategies will be deployed such as: identify new market segments, improve promotions and specific themes so that the market can be tailored to the desired intent (Clark, 2005). Heidari (2008) said that tourism Marketing is particularly sensitive due to the specific nature of the service industry. Intangibility, instability, heterogeneity, inseparability and inability to own are the characteristics of the service industry that show the necessity of using the Marketing mix model in the Marketing planning process.

The tourism products are complex products, as they include goods and services in different activities. Today, tourism products are often a combination of accommodation, food, and entertainment services... Based on the foregoing, it can be said that the goal of tourism Marketing is to collect and analyze information, on the basis of which tourism products are built to bring to tourists in order to satisfy their needs and establish long-term relationships with them.

#### **2.5. Marketing Mix in Tourism**

Currently, there are many research topics on tourism Marketing mix 7Ps. Some notable research projects are:

Rezky et al. (2012) investigated the relationship between the 4Ps, namely price, product, place, promotion and customer purchase decision in travel agents in Palembang, Indonesia. Research showed that the higher the quality of the product, the higher the customer satisfaction is, it leads to a higher purchase decision and the customer will continue to use the product for the next time. Provide a reasonable tour price to gain the customer's trust and satisfaction. Because the price reflects the customer's perception of the product or service value and all marketing decisions are closely related to pricing decisions.

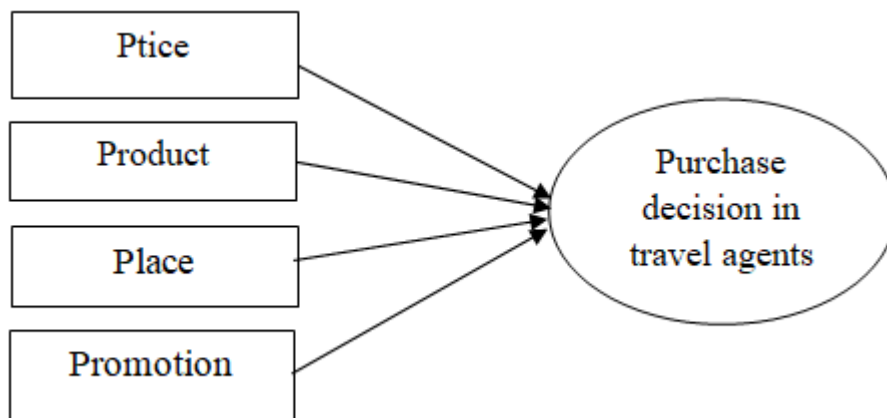


Figure 2: Research model of Rezky et al. (2012)

Mohammad et al. (2012) studied the effects of Marketing mix 7Ps factors (price, product, place, advertising, process, people and physical evidence) on tourists satisfaction. All survey respondents visited East Lake in China. The research results showed that 6 factors including: product, place, promotion, process, people and physical evidence made tourists satisfied while the price at East Lake tourists destination had negative impact and unsatisfactory customers. The study also showed that tourism products have the strongest impact on customer satisfaction, followed by processes, people, promotion, physical evidence and finally is location.

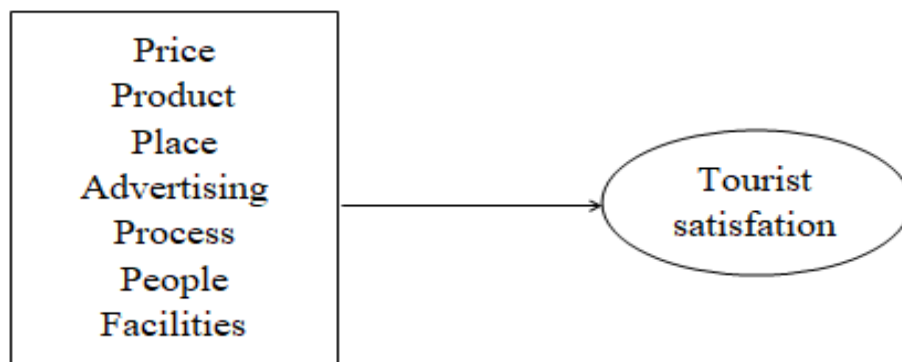


Figure 3: Research model of Mohammad et al. (2012)

Freyedon et al. (2019) studied how the Marketing mix 4Cs model with a customer-oriented perspective instead of the traditional 4Ps Marketing mix model brings satisfaction and attracts tourists when visiting the Kurdistan province's 10 tourism villages. The 4Cs Marketing mix model proposed by the authors includes four factors Customer value, Customer cost, Customer convenience, and Customer Relationship had a direct impact on satisfaction and attraction of tourists when visiting here. That showed that when travel service providers apply the Marketing mix model of 4Cs towards customers and understand the needs of tourists is very important. From there, tourists will be more satisfied, they even recommend this destination to other domestic and foreign tourists.

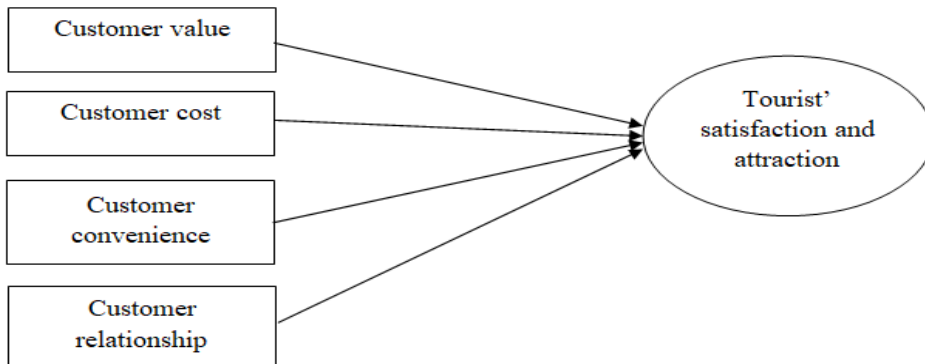


Figure 4: Research model of Freyedon et al. (2019)

Pham (2020) suggested that there is a relationship indicating the relationship between marketing mix factors, tourists satisfaction and loyalty. The study was carried out at Phung dune tourists area, Ben Tre province with domestic tourists. Research results showed that all factors of Marketing mix 7Ps (price, product, place, advertising, process, people and facilities) have a positive impact on customer satisfaction and loyalty. Thereby, the study also contributed some policy implications such as developing tourism products, human resources and advertisement at the resort, and investing more in facilities to attract tourists.

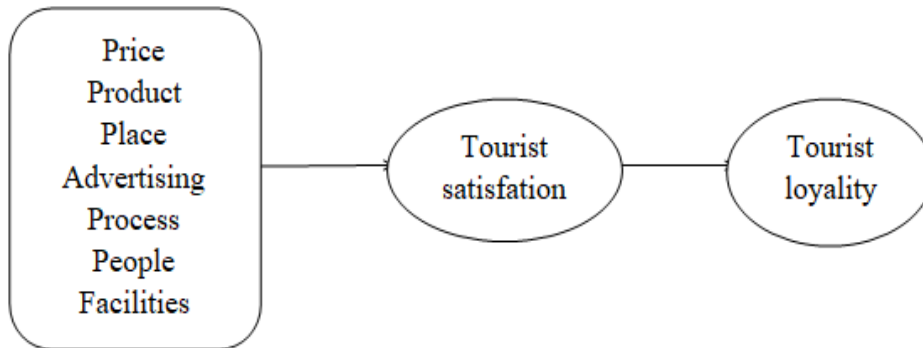


Figure 5: Research model of Pham (2020)

Etik & Muh (2020) studied to determine the influence of Marketing mix 7Ps including Product, Price, Promotion, Place, People, Process and Facilities on customer's decision making process travel to visit in Makassar City. The study also shows that only price and location have a positive and significant influence on tourists' purchase decisions, followed by human factors, products and processes, while two factors encourage tourists to buy and quality of facilities have no impact on the purchase decision of tourists.

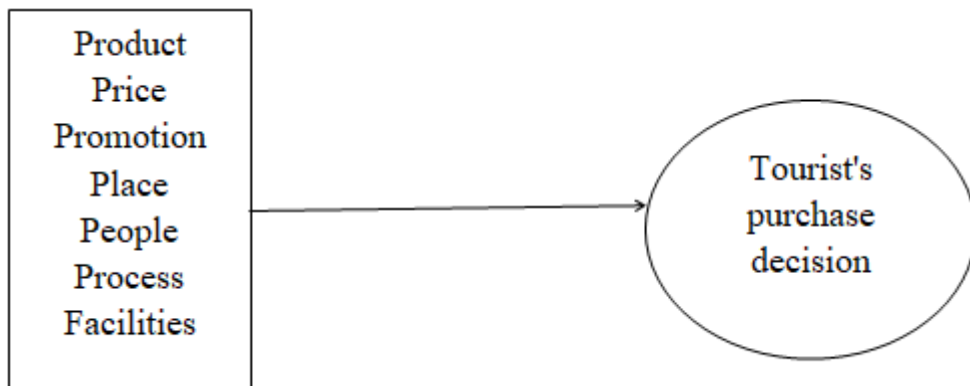


Figure 6: Research model of Etik et al. (2020)

### 3. Proposed Research Model and Research Hypotheses

#### 3.1. Research Model

Through understanding the theoretical basis and reviewing research topics of domestic and foreign authors related to the research topic, it was found that most of the researches on Marketing mix of previous topics that mainly studied on the traditional Marketing mix model (4Ps) or the extended Marketing model (7Ps). Research by Freyedon et al (2019) on the Marketing mix model of 4Cs affecting tourists satisfaction and attraction is quite close to the research topic of the authors. In this study, the authors have inherited and developed previous research topics of authors such as Howard & Sheth, 1969; Blackwellet et al., 2001; Kumar et al., 2012; Freyedon et al., 2019; Etik & Muh (2020); Pham (2020). The authors develop four factors of Marketing mix in tourism, which are studied by a new method called Marketing mix 4Cs from the perception of domestic tourists. The research model is based on the PATH model in which the higher the perception of domestic tourists about the Marketing mix 4Cs, the higher the purchase decision of domestic tourists is. The proposed model includes the following factors: Tourist commodity, Tourist cost, Tourist convenience, Tourist communication. These four factors affect the Domestic tourist's purchase decision the intermediate variable, which is the Domestic tourist's perception in Vietnam.

#### 3.2. Research Hypothesis

- ***Tourist Commodity***

Kaminski (2016), customer solutions emphasize on providing services rather than tangible products to meet customer needs. Licina, Radtke and Johansson (2018), a product or service is described as a solution for a customer when it can meet legitimate human needs and does not cause harm to human health or the environment. Therefore, when the product is put on the market, it must always be a solution for the customer, that is, the product will solve a certain customer's need, not a profit-making solution for the business. Similarly in the tourism, tourists when traveling of any company, they must feel proud and respected or feel happy during the journey. To achieve success, tourism businesses need to carefully study the real needs of tourists.

**Hypothesis 1:** Tourist commodity has a positive effect on the Domestic tourist's perception.

- **Tourist Cost**

The price shows that the product should be seen as the cost that the customer will have to pay when buying it. The cost to the consumer includes not only the price of the product, but also the cost of using, operating, time, effort, or opportunity cost, as well as disposing of the product that customers have refused to buy the firm's products (Kaminski, 2016). When implementing a pricing strategy, businesses need to ensure that their products and services must be better than substitutes that are less sustainable in terms of performance, quality, and functionality (Licina, et al., 2018). Therefore, when tourism companies sell products and services, their products and services must be commensurate with the benefits brought to customers before, during and after enjoying the company's tourism products.

**Hypothesis 2:** Tourist cost has a positive effect on the Domestic tourist's perception.

- **Tourist Convenience**

According to Charter et al. (2002), when making decisions related to distribution, companies can manually locate the company's office and arrange the facilities so that it is most convenient for branches, registered offices or service registration... to create convenience for customers when transacting. However, convenience in this model is not location or place of distribution. Currently, with the development of digital technology platforms, credit cards, e-commerce and smart phones, it has made the delivery of products to customers extremely fast and does not take much time. Customers just need one click from anywhere to buy products through the online platform without having to go to the store or the company's office. Therefore as planning transportation, Travel companies need to establish the most efficient route to the destination so as not to create trouble as well as bring the most comfort to visitors.

**Hypothesis 3:** Tourist convenience has a positive effect on the Domestic tourist's perception.

- **Tourist Communication**

According to Charter et al. (2002), when implementing business strategies, businesses can perform many different marketing methods. It is important that information is communicated consistently to customers and other stakeholders, and the company needs to be vigilant about any complaints or offensive information from customers. All information released by the company must be consistent and coordinated. Kaminski (2016), communication mentions that the purpose of marketing is to form a positive attitude from consumers, as well as show the important role of communication in creating customer trust and bringing beneficial to customers. In the Marketing mix 4Cs, the Communication factor requires tourism businesses when performing communication to always have interaction with customers, listen to customers' wishes and desires and show customers that Products and services of the business will meet the wishes of customers as expected.

**Hypothesis H4:** Tourist communication has a positive effect on the Domestic tourist's perception.

- **Domestic Tourist's Purchase Decision**

Determined on the basis of the theory of the purchase decision process of Kotler (2003), the decision to choose domestic tourism is based on the needs of customers in order to satisfy their desires. Between the quality of services provided and the value customers have to spend on a trip, they will be assessed through the level of response that provided by the travel company. If the product or service meets expectations, tourists will become regular customers or loyal customers of that travel company. In general, tourists' perceptions are the basis of customers' perceptions of a tourism product or service to form subjective judgments or comments. This is a kind of psychological feeling after a customer's need is satisfied. Therefore, tourists' feelings are formed on the basis of accumulating experience when they have gone through a certain travel trip and they will have a comparison between reality and expectations to assess the level of satisfaction or their dissatisfaction (Quote by Le, 2019).

**Hypothesis 5:** Domestic tourist's perception has a positive effect on the Domestic tourist's purchase decision.

#### 4. Conclusion

This literature review has inherited many previous studies to investigate the effect of an important mediating The effect of Marketing mix 4Cs on the Domestic tourist's purchase Decision in Vietnam, in which the Domestic tourist's perception factor is an important mediating effect. There are 29 referenced studies to establish a theoretical framework and propose a conceptual framework on the influence of 5 factors on Domestic tourist's purchase decision. A conceptual framework based on the models in the five main theoretical studies above and the authors propose a research model built as illustrated below:

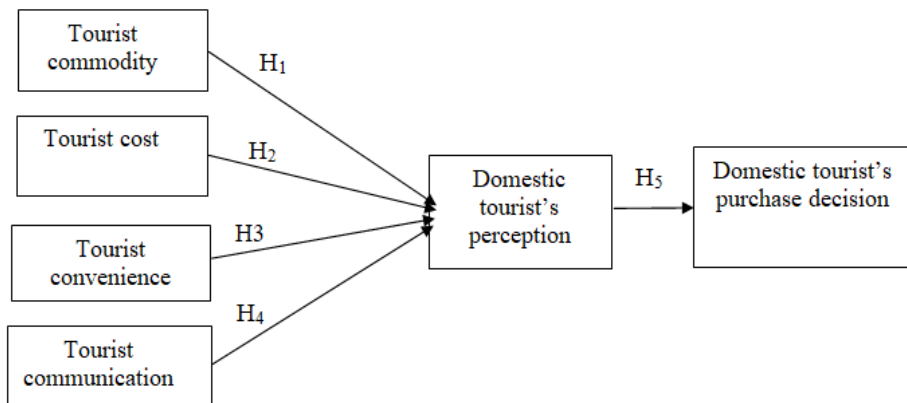


Figure 7. Proposed Conceptual Framework

This conceptual framework is built with 5 factors influencing the Domestic Tourist's Purchase Decision with the intermediate factor being Domestic tourist's perception. Research sample information was collected by Online survey technique, created survey form using Forms tool - Google Docs and through E-mail, Zalo, Viber, Messenger... questionnaires will be distributed to customers who had toured at Vietravel at least once. After collecting data, the authors use the PATH model to analyze and test the model.

## 5. For Further Researches

This literature review might be useful for travel companies. Indeed, the higher the Domestic tourist's perception, the higher the Domestic tourist's purchase decision is. If the travel company managers clearly understand the factors affecting the Domestic tourist's purchase decision, they will have more appropriate business strategies to improve competitiveness. Since then, some implications and policies are suggested as follows:

- a) There are still many practical factors that need to be considered their influence on the Domestic tourist's purchase decision such as psychology, tastes, influence of people around when deciding to purchase a tour.
- b) The conceptual framework in this study can be considered not only in Vietravel, but also in other travel agencies
- c) Some service providers may refer to this conceptual framework to guide their business strategies.

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